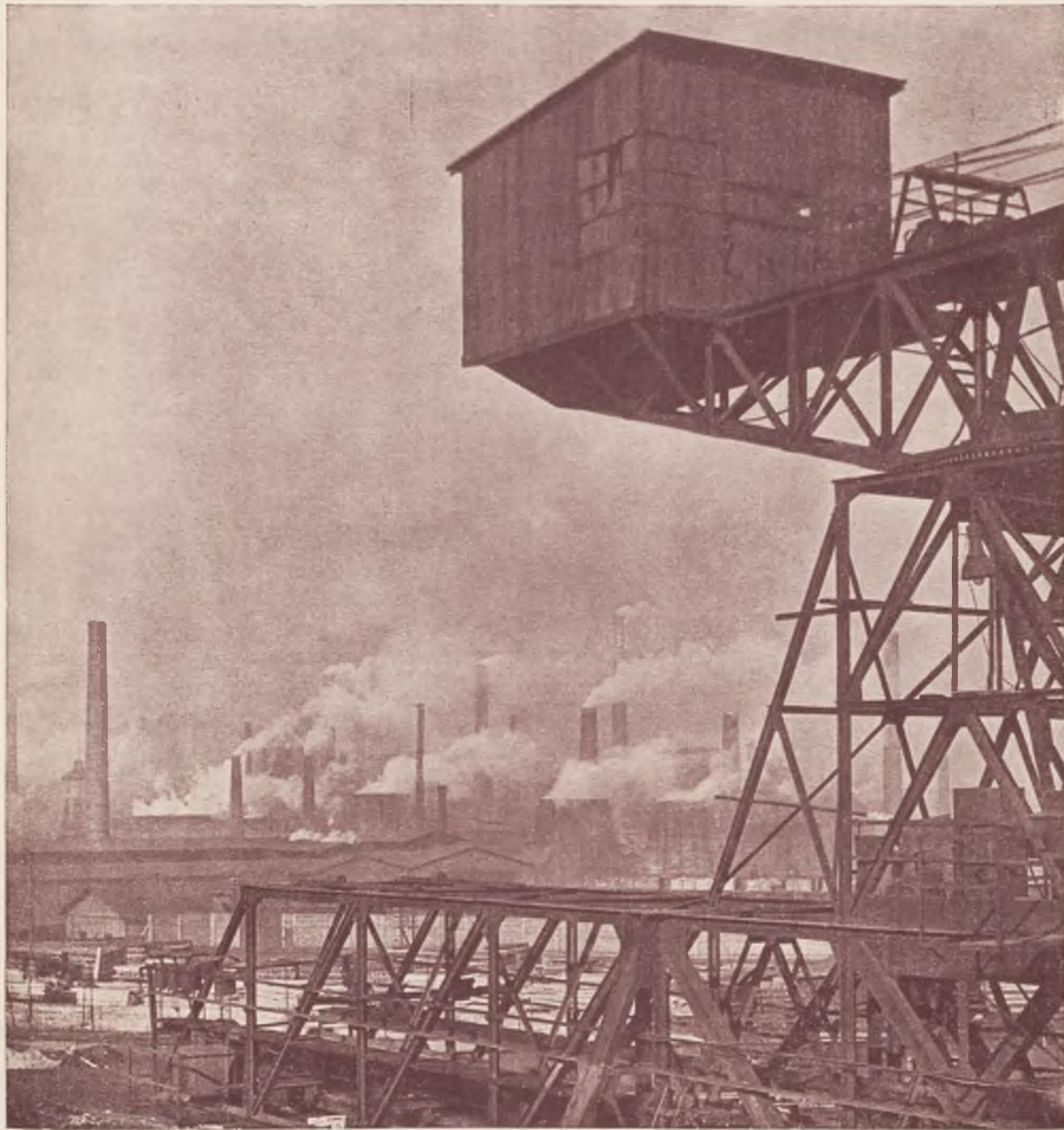


THE POLISH ECONOMIST



LOOK AT THIS MAP BEFORE GOING ANY FURTHER



IN OCTOBER the Polish Stabilisation Loan was finally completed. In the sphere of finance this means a final and durable stabilisation of conditions, whereas in the economic domain it means an opening out of new possibilities of development. One can hardly expect the results to be visible at once. For this reason the general revival in trade which was noticeable in October must be attributed to other causes, which bear an essentially seasonal character: in Poland increased activity in industry and particularly in commerce is usually recorded at the beginning of the winter season.

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Industry is also about to decrease the rapid pace at which it has been working, and this is particularly true as regards building. On the other hand, the agricultural industries, such as sugar making, distilling, starch making &c. are working at full pressure, with the result that the general figures of employment did not grow worse.

In commerce the turnover was particularly large during the period under review. This, however, was only slightly reflected in the level of prices, the indexes of which showed an insignificant rise in the wholesale section. Increased activity in commerce was also evident in a considerable rise of railway transport.

Foreign trade also showed larger turnover, both imports and exports having risen considerably. The anticipation that the month of October would show equilibrium in the foreign trade balance did not materialise. The unfavourable balance, greater than in the previous month, was caused by increased imports of cotton, which in itself is a favourable sign — and of wheat, due to the excessive prices of grain ruling on the Polish market.

As regards the State Treasury and finance in general, the position is satisfactory. State revenues are on the increase and have again beaten the records established in previous months. The cash reserves, resulting from the excess of revenue over expenditure, continue to be large, and the turnover of the State banks increased again, while at the same time the conditions on the money market improved.

Reports of the strengthening of connections with foreign capitalists came in from many sides.

	UNIT	OCT. 1926	SEPT. 1927*)	OCT. 1927
STATE OF EMPLOYMENT:				
UNEMPLOYED		167,826***	117,054***	117,021***
PART-TIME WORKERS		26,680	25,094	32,796
PRODUCTION:				
COAL	thousand tons	3,530	3,254	3,417
OIL		66.3	60.2	61.0
STEEL		81.9	110.7	106.3
IRON		27.2	59.2	62.4
ZINC		11.0	13.0	13.2
AGRICULTURAL INDEXES:				
(Crop estimates)				
RYE	thousand tons	5,010	5,980 **)	5,980 **)
WHEAT		1,280	1,480 **)	1,480 **)
BARLEY		1,550	1,630 **)	1,630 **)
OATS		3,050	3,420 **)	3,420 **)
PRICES:				
WHOLESALE PRICE INDEX	1914=100	110.0	119.3	119.7
INDEX OF COST OF LIVING IN WARSAW		111.0	117.2	118.0
FOREIGN TRADE:				
IMPORTS		102.2	127.1	151.1
including:		245.8	346.2	383.4
foodstuffs (edible fats, fish & herring, coffee, rice, wheat &c.)		15.6	18.4	25.8
		27.6	32.6	46.7
animal products (tanned hides, dried skins &c.)		9.2	12.0	11.9
		3.7	3.1	3.1
ores		2.4	4.5	5.3
		38.5	95.2	87.7
chemicals (vegetable & animal fats, dyes, colours & varnishes, potassium salts &c.)		10.5	12.0	13.0
		15.0	40.6	31.4
metals & metal products		5.1	7.9	9.6
		20.1	34.1	48.5
machinery & apparatus		10.2	20.3	22.2
		3.3	7.6	8.1
paper & paper wares		4.3	4.7	5.6
		6.2	7.2	8.2
textiles & textile products	million	36.2	35.0	43.2
		11.6	9.9	12.3
EXPORTS	gold fr.	117.9	119.1	137.7
including:		2,216.1	1,851.8	1,909.8
foodstuffs (sugar, meat, eggs, forage, peat & beans, barley, hops &c.)	and	31.2	25.9	31.4
	thousand	142.2	48.5	109.1
live animals — in thousands of heads	tons	5.2	10.4	14.1
		429.6	358.6	439.0
timber and wood ware (planks, deals & battens, pulpwood, pit props, round wood & logs, veneers &c.)		20.3	31.9	32.2
		454.6	554.2	513.8
plants & seeds		2.0	4.1	3.9
		4.4	9.9	8.5
coal and coke		27.2	15.4	20.2
		1,472.2	885.8	1,199.6
petroleum products		6.3	3.7	5.5
		35.9	17.5	24.4
iron and iron products		2.5	3.1	4.6
		10.0	10.2	15.9
zinc		9.6	9.5	9.5
		11.7	12.8	13.2
textiles and textile products		6.3	7.3	8.0
		1.7	3.2	2.7
EXCESS OF EXPORTS (+) OR IMPORTS (-)		+ 15.7	- 8.0	- 13.4



POPULATION of Poland	29,249,000	388,279
DENSITY (per 1 sq. km.)	75.3	
OCCUPATION:		
agriculture	65 p. c.	
industry	14 p. c.	
commerce	8 p. c.	
various	13 p. c.	

POLAND'S CHIEF TOWNS					
Warszawa (Warsaw)	1,015,420	Poznań	184,756	Sosnowiec	86,432
Łódź	451,974	Kalowice	183,706	Częstochowa	80,473
Lwów	219,388	Lublin	94,412	Bielany	76,792
		Włocławek	128,954	Bydgoszcz	87,643

READ

THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

THE CURRENT ISSUE NO. 12 of "The Polish Economist" contains the following leading articles: "Review of the Economic Situation in October", "The International Conference for the Abolition of Import and Export Prohibitions and Restrictions", "Polish Land Reform", "The Present Economic Situation of Danzig", "The Valorisation of Liabilities in the Light of International Relations", "The Paper Industry in Poland". As usual, there are also market reports covering grain, butter, eggs, timber, coal, petroleum, iron, zinc and lead, as well as notes on the state of employment, movement of prices, foreign trade, railway, port, aeroplane traffic, State budget, Stock Exchange, Bank of Poland, &c. The number also includes advertisement of Polish and Danzig firms.

ANNUAL SUBSCRIPTION: 15/-, \$ 300 OR 30/-
WARSAW, 2, ELEKTORALNA

	UNIT	OCT. 1926	SEPT. 1927	OCT. 1927
TRANSPORTS:				
RAILWAY TRAFFIC	truck loaded	530,348	510,120	585,931
PORT TRAFFIC:				
Danzig	(15 tons) reg. ton	314,214	337,605	313,778
Gdynia		19,749	41,801	41,968
BUDGET:				
RECEIPTS		181.9	193.8	238.1
including:				
taxes and public levies	95.1	103.2	126.8	126.8
monopolies	56.4	62.6	66.1	66.1
State undertakings	11.9	12.0	20.2	20.2
EXPENDITURE	151.4	181.6	209.6	209.6
MONEY CIRCULATION:				
BANK OF POLAND NOTES	million ɻ	585.2	844.5	829.4
COVER IN GOLD AND FOREIGN CURRENCIES	% %	39.72	49.06	80.07
TOKEN COINS	million ɻ	451.1	408.5	410.1
CREDIT:				
(Bank of Poland)	million ɻ	323.5	419.7	432.6
BILLS DISCOUNTED	% %	10.00	8.00	8.00
OFFICIAL DISCOUNT RATE				
FOREIGN CURRENCIES:				
(Warsaw Stock Exchange average rates)				
U. S. A. DOLLAR		9.00	8.90	8.91
POUND STERLING		43.74	43.51	43.48
FRENCH FRANC		0.27	0.35	0.35
SWISS FRANC		1.74	1.72	1.72

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

published in the "Official Journal of Laws of the Republic of Poland"

("Dziennik Ustaw Rzeczypospolitej Polskiej")

during October 1927

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THE POLISH ECONOMIST

A MONTHLY REVIEW OF TRADE, INDUSTRY AND ECONOMICS IN POLAND

WARSAW — LONDON — NEW YORK

DATE OF THIS ISSUE: NOVEMBER 30, 1927

HEAD OFFICE: WARSAW, 2, ELEKTORALNA. TELEPHONE: 412-66, 412-73
BRANCHES: LONDON, 47-A, PORTLAND PLACE, W. 1, NEW YORK, 953, 3rd AVENUE

ANNUAL SUBSCRIPTION: 15/-, \$ 3.00 OR £ 30—(IN POLAND) INCLUDING POSTAGE. REMITTANCES
IN CURRENCY NOTES OR CHEQUES TO BE ADDRESSED TO THE EDITOR: WARSAW, POLAND, 2, ELEKTORALNA

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IN OCTOBER the Polish Stabilisation Loan was finally completed. In the sphere of finance this means a final and durable stabilisation of conditions, whereas in the economic domain it means an opening out of new possibilities for development.

One can hardly expect the results to be visible at once. For this reason the general revival in trade which was noticeable in October must be attributed to other causes, of an essentially seasonal character: in Poland increased activity in industry and particularly in commerce is usually recorded at the beginning of the winter season.

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cess of revenue over expenditure, continue to be large.

Reports of the strengthening of connections with foreign capitalists came in from many sides.

REVIEW OF THE GENERAL ECONOMIC SITUATION IN POLAND
OCTOBER 1927

	UNIT	OCTOBER 1926	SEPTEMBER 1927*)	OCTOBER 1927
STATE OF EMPLOYMENT: UNEMPLOYED		167.826	117.054	117.021
PRODUCTION: COAL	thousand tons	3.530·0	3.245·0	3.417·0
OIL		66·3	60·2	61·0
IRON		27·2	59·2	62·4
AGRICULTURAL INDEXES: (CROP ESTIMATES)				
RYE	thousand tons	5.010	—	5.980**)
WHEAT		1.280	—	1.480**)
BARLEY		1.550	—	1.630**)
OATS		3.050	—	3.420**)
PRICES: WHOLESALE PRICE INDEX	(1914 = 100)	110·0	119·3	119·7
INDEX OF COST OF LIVING IN WARSAW		111·0	117·2	119·0
FOREIGN TRADE: IMPORTS	million gold fr.	102·2	127·1	151·7
EXPORTS		117·9	119·1	137·7
EXCESS OF EXPORTS (+) OR IMPORTS (—)		+ 15·7	— 8·0	— 13·4
TRANSPORTS: RAILWAY TRAFFIC	truck loaded (15 tons) reg. ton	530 348	510 120	585 931
PORT TRAFFIC (DANZIG AND GDYNIA)		333 963	379 406	355 748
BUDGET: RECEIPTS	million z.	181·9	193·8	233·1
EXPENDITURE		151·4	181·6	209·6
MONEY CIRCULATION: BANK OF POLAND NOTES	million z.	585·2	844·5	929·4
COVER IN GOLD AND FOREIGN CURRENCIES	% % million z.	39·72	49·06	80·07
TOKEN COINS		451·1	408·5	410·1
CREDIT: (BANK OF POLAND)				
BILLS DISCOUNTED	million z.	323·5	419·7	432·6
OFFICIAL DISCOUNT RATE	% %	10·00	8·00	8·00
FOREIGN CURRENCIES: (WARSAW STOCK EXCHANGE-AVERAGE RATES)				
U. S. A. DOLLAR	z.	9·00	8·90	8·91
POUND STERLING		43·74	43·51	43·46

REMARK: — Figures appearing in the above table are intended exclusively to characterise the economic situation in October 1927; detailed comments on them, and in some cases the latest data, are given in the respective sections of this issue and in the "Latest news".

THE INTERNATIONAL CONFERENCE
FOR THE ABOLITION OF IMPORT
AND EXPORT PROHIBITIONS AND
RESTRICTIONS

POLAND WAS one of the first States in Europe to make efforts towards the abolition of import and export restrictions, desiring thereby to break

away in the shortest possible time from the post war trade policy. Therefore, in 1924, Poland repealed nearly all the regulations, leaving only a few purely luxury articles on the list of prohibited imports. And the import contingents granted to the countries producing such luxuries, allowed for the difficulties which could arise under this head.

It is unfortunate that Poland at that time did not meet with reciprocity on the part of other

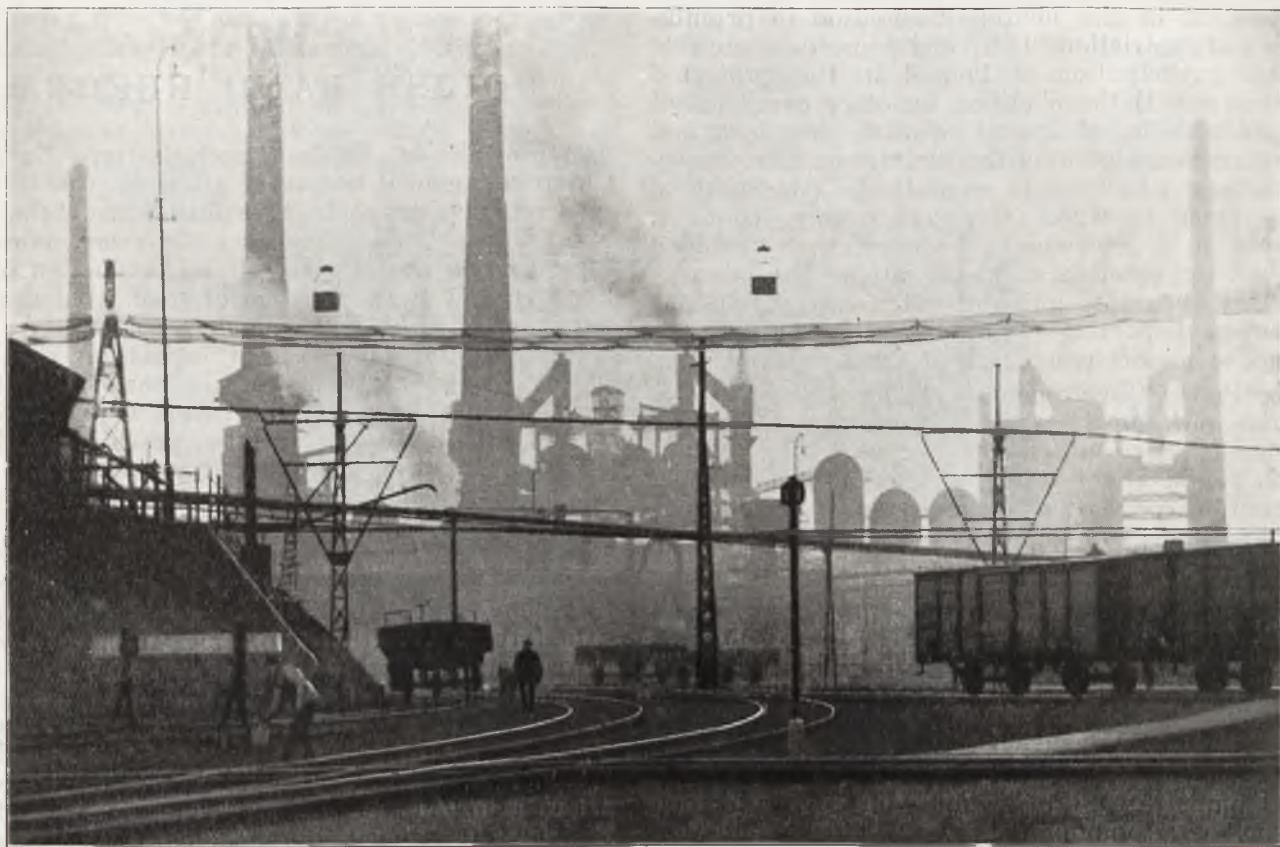
*) Corrected figures.

**) These data do not take into account damages made by旱灾 and flood.

States and that the coincident lack of freedom in the international turnover and distribution of capital led in 1925 to the undermining of the Polish currency. Under the pressure of necessity, prohibitions and restrictions were partly reinstalled, for the free trade of goods without the free turnover of capital creates an impossible situation.

The Polish Republic has now reached the stage where the difficulties arising out of credit isolation

million. The importance of these figures is shown up by a comparison with the present total export of the reunited three pre-war divisions of Poland, which slightly exceeds \$ 250 million, i.e.—the pre-war export figure of only one division to only one foreign country. The pre-war exports to Russia were almost exclusively manufactured goods, such as the products of the textile, iron, leather and other industries.



A PORTION OF THE PEACE FOUNDRY (PHOT. S. PLATER)

will come to an end. The contracting of the Stabilisation Loan will undoubtedly entail important consequences, as a result of which Poland will be drawn into the orbit of the international market of long and short-term credits.

Therefore, only the question of reciprocity from those other countries with which Poland has or had the largest trade, will stand in the way of the complete abolition of import or export prohibitions and restrictions in Poland.

In this connection, the situation in which Poland finds itself needs special definition.

The first problem which strikes even the casual observer, is that of the Russian market. For more than one thousand kilometres Poland borders Soviet Russia, which country applies the strictest of foreign trade regulations. Before the war one division alone of Poland, the former Russian Poland, exported yearly to Russia goods to the value of \$ 250 million, and the balance of trade between Poland and Russia was favourable to Poland by over \$ 100

In view of the change to complete protectionist policy of the most important pre-war consumer of Polish goods, the abolition of import prohibitions and restrictions in Poland is absolutely dependent on a similar repeal on the part of the other European States.

The second important problem arises from the character of the present Polish export trade. It is clear that if a country, highly industrialised and with a well developed and varied export trade, meets with foreign prohibition of one or more of its products, it will feel the loss less keenly than a country with few articles for export. Poland is at present in the latter category, and its export trade is represented for the most part by three groups, namely: (in thousands of gold francs):

	Polish exports:	
	1925	1926
Total	1.272·1	1.306·0
Coal	144·4	252·1
Animals and animal products	127·3	86·6
Timber and products thereof	227·6	206·8

Of the total value of the exports coal represents 11—20 per cent, timber materials 16—17 per cent, and animals and animal products 6—10 per cent. Together the three groups are \pm 40 per cent of the whole Polish export. It follows directly, therefore, that if any one group meets with restriction at the hands of the chief foreign consumers, the whole business of the country is affected thereby.

Therefore, it becomes clear why the Polish delegate to the Geneva Economic Conference emphasised in the matter of abolition of prohibitions and restrictions two conditions indispensable to the participation of Poland in the projected convention: 1) the abolition by other countries of the prohibition of import of raw materials, and 2) such a formulation of the sanitary and veterinary restrictions which would exclude the possibility of using these measures for ends purely economic, because it is common knowledge that so-called sanitary or veterinary considerations are abused, and that under the guise of veterinary regulations countries importing cattle and meat carry on extensive import restriction of these products.

The Polish Government, realising the importance of the movement, was in agreement with the Economic Section of the League of Nations, which aimed at the drawing up of an international convention concerning the abolition of prohibitions and restrictions of import and export, because by means of an international convention, the Polish axiom of the necessity of reciprocation on the part of the other nations would be realised.

Unfortunately, the far-reaching initiative of the Economic Section of the League of Nations, based on the precepts of the Geneva Economic Conference, fell on ground insufficiently prepared for its reception.

A number of States would not give up their system of prohibitive and restrictive regulations regarding many goods forming the backbone of the production of many countries. The Geneva Conference was unable to bring about the abolition of the prohibitions and restrictions of the import of coal and coke (Germany and France), and the prohibition and restriction of the export of scrap iron—by Germany, France, Italy, Belgium, Austria, Luxemburg and Hungary; furthermore, by the opposition of such States as Germany and Switzerland, the proposals of agricultural countries aiming at the more definite specification of sanitary and veterinary prohibition, were put aside. Obviously there is no questioning the right of a country to keep out cattle coming from an infected area; but the very general way in which the question was treated at the Convention gives rise to the possibility of utilising the necessary exception for prohibition and restriction for economic reasons. Even compulsory arbitration in the event of opinion regarding the application of veterinary prohibition, was not accepted.

In the case of Poland, the main articles of its export being of animal origin and coal, and one of its chief imports—scrap iron, the results of the Conference were far from those previously antici-

pated. Therefore the question becomes again one of mutual understanding and contingent agreements.

Under these conditions, in Poland, the regulation of imports cannot be abolished by one side alone, and must continue in force, often at the cost of good relations with the States concerned, and always to the detriment of the normal economic development of the Polish State. The final abolition of this post-war anomaly in Poland is made impossible by the attitude of certain European countries.

POLISH LAND REFORM

A NUMBER of Central and Eastern European countries found it necessary after the war to make readjustments in their agricultural structure. The basic idea in all of them was the same, namely—the strengthening of agricultural production by the improvement of the position of small holders at the expense of the large landed estates. A close analysis of the land reform legislation passed in the different countries, and in particular of the methods of their realisation, reveal wide differences owing, in the main, to the prevalence of the different conditions in agriculture and in the internal organisation of the communities of the countries concerned.

In order to enable one to form an accurate opinion of the conditions prevailing in this respect in Poland, it may be well to quote a few figures.

In foreign literature one comes from time to time across statements to the effect that Poland is a sparsely populated country. This opinion is totally unfounded. As a matter of fact only the Eastern Voievodships of Poland show a small number of inhabitants, not exceeding 33 per square kilometre, whereas in all the remaining territories of the Republic, the density is equal and, in some parts, even exceeds the average for Western European countries. This statement is confirmed by the following figures: 81·4—for the Central Voievodships, 94·7—for the Southern Voievodships and 85·7 inhabitants per square kilometre for the Western Voievodships. The average for the whole of Poland is 70.

Although the average density of population in Poland is about the same as that in Western European countries (e. g. in France), there are big differences in the distribution of the people among the rural and urban areas, for, while in the West of Europe the number of inhabitants in the country rarely exceeds 40 per square kilometre, the average for Poland is 52 and in the Southern Voievodships even 76. These figures prove conclusively that here is a marked over-population in the agricultural areas, a feature which is representative of the agrarian situation of Poland. The same state of affairs is reflected in the statistical data relative to the occupations of the Polish people: thus 65 per cent live by agricultural pursuits, 15 per cent by industry, 9·5 per cent by commerce and transport, and 10·5 per cent by other activities. The percentage of people engaged in other work than

agriculture is for Poland 35, whereas for other European countries, with approximately the same density of population, it fluctuates between 50 and 66.

It is obvious, therefore, that since agriculture provides the means of sustenance for such a large percentage of people, it is essential that the Polish agrarian structure should be so organised as to facilitate agricultural production. Unfortunately this is not the case, as it has numerous shortcomings of which the more important are the following:

1) owing to the absence of peasant privilege legislation prior to the restoration of Poland, there is in the part of the country formerly ruled by Russia, a large number of unsettled peasant pasturage and forest privileges, which have a most damaging effect on the agriculture of the country;

of Poland, it may be of interest to pass a few remarks on the areas coming within the scope of the land reform.

The area of the Polish Republic amounts roughly to 37 million hectares, of which 28 million or 75 per cent is arable land. Of the 28 million hectares, small estates of under 100 hectares represent 20,800,000 hectares or 75 per cent, and large ones of over 100 hectares—5,690,000 hectares or 20.8 per cent. The remainder is public property (State, Municipal and church lands).

There are in all about 13,000 large estates covering more than 100 hectares. As, apart from urban and industrial areas, the Polish land reform laws are not applicable to farms of under 180 hectares, the number of estates available for parcellation is



PEASANT MARKET NEAR LOWICZ

2) in the former Russian and Austrian parts of Poland nothing, or next to nothing, had been done by the alien rulers to remove the so-called "chess-board", i. e. — peasant farms which consist of scattered small plots instead of being compact areas; this arose through the fields being broken up with the splitting up of the villages, and accounts for the existence at the present time of a large number of such farms;

3) further, there are many deteriorated farms which are incapable either of giving employment to farm hands or of providing sufficient means of livelihood to the owners and their families.

It seems superfluous to dwell at length on the shortcomings of such a mode of land ownership, as they are more than apparent, but it may be well to state that the enlightened sections of the Polish community had fully realised ever since the restoration of the country, that a land reform scheme should be drafted in such a manner as would permit of all the above problems being dealt with at one and the same time.

Before passing to the examination of the laws aiming at the improvement of the agrarian structure

limited to 7,500 with an area of 4,330,000 hectares of productive soil. Considering that, according to the stipulations of the law, each of these estates may retain 180 hectares and that well equipped farms, run on up-to-date lines, may retain additional quotas — it is certain that about 2,000,000 hectares of productive land will be left with the 7,500 estates. It is seen, therefore, that the area available for land reform consists of 2,300,000 hectares of private estates or together with public property — about 2,600,000 hectares. The latter figure represents about 10 per cent of the total productive soil of Poland and about 15 per cent of the land which is already in the hands of small holders. It results from the above that Poland has a much smaller area at its disposal for land reform purposes than all the other Central and Eastern European countries which have adopted similar schemes for the amelioration of their agricultural structures.

Passing to the review of the Polish land reform laws, mention should be made of that of July 6, 1923 which provided for the creation of the office of Minister, standing at the head of the network of Land Offices, situated throughout the country. The

improvement of agrarian conditions was considered so complicated a problem that only a Minister vested with powers similar to those enjoyed by other members of the Cabinet could be expected to cope with it in a satisfactory manner. A special law, that of August 13, 1923 provides for the institution of the Ministry of Land Reform, which is the chief authority in agrarian matters. District Land Offices acting through Local Land Offices which are conducted by the so-called Land Commissaries, are subject to this Ministry. The characteristic feature of the Polish land reform legislation is that District Land Offices are supplemented by District Land Commissions, and the Ministry of Land Reform is supplemented by the Chief Land Commission, and these commissions perform the functions of tribunals for agrarian conflicts. The District Commissions issue judgement in respect of all conflicts arising out of the application of the agrarian law — as courts of the first instance, whereas the Chief Land Commission acts as a court of appeal and its findings are final, and can only be annulled by the Supreme Administrative Court. In addition to the delegates of the Ministries concerned (Land Reform, Agriculture, Justice and Interior), the District and the Chief Land Commissions include four representatives of the agricultural community of which two are delegates of small holders, the large estate owners and agricultural labourers being represented by one delegate each. The representatives of the agricultural community on the Chief Land Commission, are designated by the Sejm, and those on the District Land Commission — by the Minister of Land Reform upon the recommendation of agricultural trade organisations.

Distinction should be made between the following agrarian laws:

- 1) those designated for the repeal of special privileges of the peasants (i. e., the right to collect branches in a forest; to pasture cattle on private grounds &c.);
- 2) those designated for the removal of the "chessboard" mode of ownership;
- 3) those designated for the promotion of parcellation of excessively large estates.

It is clear that the three groups of laws are closely related to each other as all of them have the same object in view.

The law relative to the peasant privileges in former Congress Poland (Warsaw province) was promulgated in 1920 and, two years later, it was extended to the whole territory which had formed part of the Russian Empire. This law, however, failed to ensure a rapid settlement of the privileges in question, and for this reason, by virtue of special powers, the President of the Republic issued two new decrees finally completing the peasant privilege laws applicable to the whole territory which had been ruled by Russia. The principles underlying the new decrees do not differ much from the original law and may be summarised as follows:

As it is considered highly desirable to remove the privileges, provision has been made for their liquidation on the request of one of the parties —

the peasants or the estate owners. All privileges, the continuance of which is prejudicial to rational husbandry and in particular those in respect of forests and pasturage, are liable to be repealed. The equivalent is given, as a rule, in the form of productive land, but in such a manner as to avoid the creation of a "chessboard". The repeal may be effected by agreement between the interested parties or compulsorily; the rôle of the authorities in the former case is confined to their being satisfied that legal prescriptions had been duly observed, whereas in the latter case the authorities are charged with all the functions connected with the liquidation of the privileges.

The chief aim of the Polish Land Unification Law is to remove the "chessboard" system of ownership. The first unification law which was promulgated in 1923 was amended in 1925 and again in 1927. The main feature of this law is the means it affords for the taking of steps for land unification. These are taken by Government officials whenever the plots located in a "chessboard" are involved in some agrarian operation, such as parcelling, settlement of peasant privileges &c. The proceedings for land unification may be opened on the request of one or more owners of an area of 25 hectares, or on the request of one or more owners of an area representing 10 per cent of the total "chessboard". It should also be stated that once steps for land unification are taken, the final decision as to its issue rests with the Land Commissions. The owners of plots to be unified elect, however, a "Council of Participants" who act as an advisory body in all phases of the proceedings, such as the ascertaining of the area of the holdings, the classification of plots, the manner of parcellation &c., but the final project of unification cannot be rejected by this body. After the proposal for a rational division of a "chessboard" is completed, a Land Commissary arrives on the spot to ascertain in writing who of the parties concerned are for and who against the new arrangement; those dissatisfied may appeal to the relevant District Land Commission, or to the Chief Land Commission, as the case may be. These commissions decide whether the project of unification is to be confirmed, modified or rejected. In this way the Polish law makes sure that the heavy expenses incurred by the work are not wasted unnecessarily. It is a matter of common knowledge that usually some of those directly interested are not satisfied with the plan, and carry active propaganda against its approval. For this reason it is important that the final decision as to the ultimate issue of a plan of unification be pronounced by an impartial authority looking after public interest and not by those who may be guided by personal feelings and frequently by demagogical ideas.

When dealing with the third group of the agrarian legislation, i. e., the parcellation laws, an attempt will be made to show the manner in which their stipulations complete the land unification law and how, in connection with the unification work, it will be possible to augment the areas of deteriorated farms situated within a "chessboard".

The most important law of the third group is that of December 28th 1925 ("Dz. Ust. R. P." No. 1/1926). The passing of this law closed the first period of the efforts of the Government aiming at a methodical parcelling of large landed estates, and marked the opening of a second period in the course of which the Government will continue its task under new and partially different conditions.

The basic principles of the land reform were laid down for the first time on July 10th, 1919, when the Sejm passed the bill providing for compulsory parcelling by Land Offices of private estates exceeding an area of 180 hectares. One year later, on July 15th, 1920, the Sejm voted on a detailed

2) the rotation order of expropriation, provided by the law, rendered its execution almost impossible, as any landowner could prove that there were in his district other estates which for one reason or another should be parcelled before his;

3) the law of July 15th, 1920 was incomplete as it did not contain detailed instructions concerning the financing of the scheme, which also constituted a grave drawback.

It soon became evident that, owing to various shortcomings and loopholes, the scheme would have to be amended. After lengthy deliberations on several proposals drafted by various political



THRESHING OPERATIONS ON THE LAND (PHOT. J. BULHAK)

land reform law according to which the following are to be used for parcelling purposes:

- 1) estates belonging to the State;
- 2) private estates, exceeding 60 hectares — in suburban and industrial areas, 400 hectares — in the Eastern borderline districts, and 180 hectares — in all the remaining parts of the country.

Private estates were to be taken over according to a plan prepared in advance and first of all those which were badly managed or leased. The parcelling was to be performed by the Land Offices, and the expropriated were to receive, as compensation, 50 per cent of the market value of the soil, in Land Bonds. Forests, stock and farm implements were not subject to expropriation.

The putting into practice of this law was very difficult for the following reasons:

- 1) there was a lack of administrative and technical personnel with the result that the parcelling out came to a standstill;

bodies and severe opposition from the conservative and radical parties — a project elaborated by the Government was ultimately taken as a basis for parliamentary discussions, and although it did not agree with the views of either the extreme "right" or the extreme "left", it was passed on December 28th, 1925 with some modifications.

The chief characteristic of the new law is that, in contrast with the old one, the parcelling of large estates will be effected by the owners' own accord. Thus compulsory expropriation is regarded as the final means for securing land for parcelling and is to be resorted to when free parcelling fails to give satisfactory results. Under these circumstances, however, the term "satisfactory results" must be clearly defined, and that is why the law provides for the fixing of a yearly quota for parcelling. For the first ten year period, from 1926 to 1936, this quota has been fixed at 200,000 hectares per annum.

In practice the land reform is carried out in the following manner: in the first days of January of each year, until the exhaustion of the land destined for parcelling, the Council of Ministers will establish, in a parcellation plan, a quota of land, which is to be distributed among the different districts. The parcellation plan must be published before January 10th of each year and is operative during the year following; in this manner the plan which was published in the first days of January 1927 comes into force in 1928. During the whole year 1927, owners of landed estates desirous of parcelling their land may give notice to that effect to the relevant authorities, and the areas specified go towards the quota for the year 1928. If up to November 1st of the year preceding that for which the quota had been established it is found that the quantity of land destined for free parcellation, i. e., by the owners themselves, is not large enough for carrying out the parcellation plan—the Council of Ministers will publish by January 10th of the following year at the latest, a nominal list of estates and of their parts which will be subject to legal expropriation.

However, the areas appearing in this list may be parcelled out by their owners during the same year, and only after December 1st may official action be taken for compulsory parcelling of the areas concerned. This arrangement calls for an exact definition of the categories of lands, which may be subject to compulsory expropriation. Thus there may be utilised for the purpose of the law for land reform:

1) State lands;
2) church domains (in accordance with the provisions of the Concordat—in the case of estates belonging to the Roman-Catholic Church, and after consultation with the legal representatives of congregations—in the case of all other religions);

3) landed estates owned by public bodies—first those which have been the subjects of bequests, the properties belonging to local governments being, however, excluded;

4) privately owned estates exceeding 60 hectares in industrial and suburban areas, 300 hectares in the Eastern Voievodships and 180 hectares in all the remaining territories; these figures do not include forests, lakes, orchards, roads and buildings.

As already stated, the law provides for certain surpluses over the above quotas to be retained by all estates representing valuable assets in national husbandry, and particularly those operating agricultural industrial plants, i. e., those engaged in seed production, stock raising, running farms on modern lines, &c. Estates with distilleries, potato flake and starch works may retain land equal to four times the area devoted by these estates to growing this crop for their own manufacturing purposes, but the total may not exceed an area of 350 hectares; sugar beet estates may retain six times the area, but not more than 700 hectares. The total surpluses for the whole country to be devoted to the cultivation of the above mentioned crops may not exceed 550,000 hectares or about $\frac{1}{5}$ of the area destined for land reform purposes.

From the above it is seen that, in principle, parcelling in Poland will be effected by the consent of the owners, but when this policy fails to give satisfactory results—compulsion will be resorted to.

Free parcelling may be carried out by the proprietors themselves or by duly authorised institutions, and there is only one condition to be observed, namely—that the plan of parcelling must be submitted to the relevant authorities in order that they may examine it and see whether it is in conformity with the general principles for the betterment of agricultural conditions.

The Land Offices have received instructions to see that the parcelled land gets into the hands of those who need it most and who are likely to cultivate it profitably. The right of priority is given to holders of small adjacent plots, and certain privileges are also extended to agricultural labourers who become unemployed owing to the parcelling. In principle, the latter section enjoys the right of priority in land acquisition and may obtain financial assistance from a special fund formed for the granting of cheap credit facilities. Should the farm employees not take up the parcelled plots from their respective estates, they receive an indemnity in the form of a lump sum according to the length of service on the estate.

If the estates enumerated on the list are not parcelled by the owners within the specified term, Land Commissions take steps for compulsory expropriation; in this case the owners receive compensation in money, the sum being determined by the relevant District Land Commission, working in conjunction with a special Valuation Committee.

In principle, the indemnity is fixed by the law, which contains a provision to the effect that compensation should be calculated on the basis of the valuation which had been made for the levying of the Property Tax. This tax was instituted in 1923 and, on the strength of the prices then ruling, a decree was issued in which the value of various grades of land for all agricultural districts was fixed. As, meanwhile, the value of land has undergone marked changes, the Ministers of Finance, Agriculture and Land Reform are empowered to adjust the prices specified in the decree, to the market value of the parcelled estate. The Government availed itself of this privilege in July last.

From this it is seen that the question of compensation is settled in Poland in a similar way to that in Czechoslovakia but different to that in Germany and Hungary. In Poland, as in Czechoslovakia, the principle of individual valuation of estates destined for parcellation was rejected—the value of the estates being calculated according to prices fixed in advance. It is worthy of note that the mode of payment of the indemnity is in Poland more favourable to the owners than in Czechoslovakia, Rumania and in the Baltic States. The indemnity is paid partly in cash and partly in the 5 per cent State Land Bonds expressed in gold Francs. The quota payable in cash depends on the size of the estate; up to 1,000 hectares it amounts to 50 per cent, and decreases to 20 per

cent when the area of the estate exceeds 4,000 hectares. There is also a clause protecting the land owners who receive most of the indemnity in the State Land Bonds against possible exchange losses; special prescriptions for the protection of the interests of third parties and notably those of hypothecary creditors, will be issued shortly.

Special prescriptions regulate the matter of financial assistance to the buyers of plots. This help is given by the State Agricultural Bank, which, in accordance with its statutes, is authorised to grant credits to the extent of two-thirds of the purchase price of the land plots; owners of adjacent deteriorated farms may obtain credits up to the full value of the newly acquired plots. Attention

economic point of view, unless they are extended to adequate limits, and this should be carried out in connection with unification work whenever possible. The present Minister of Land Reform, Professor Staniewicz, is a staunch supporter of the theory that Polish land reserves should be used for the increase of the deteriorated farms at the time of unification.

Finally, it may be advisable to give some figures illustrating the results obtained up to now by the Polish land reform scheme.

Up to the end of 1926 the settlement of peasant privileges by agreement was undertaken in respect of 37,072 farms situated in 1,920 localities, and by compulsion — in respect of 67,274 farms in 3,386



PEASANT BEE HIVES (PHOT. J. BULHAK)

is given to financially weak purchasers and in particular to farm hands losing employment through the parcellation, to deserving ex-soldiers and to men disabled in the war. These classes of land purchasers may obtain supplementary credits in ready money up to £ 2,500 per farm.

As already mentioned, expropriation is considered as the last means of securing land for parcelling purposes. However, the law foresees special circumstances under which expropriation may be resorted to. Article 15 states that the Minister of Land Reform may at any time acquire in a compulsory way estates adjacent to "chessboards" undergoing the process of unification and when deteriorated small farms may be enlarged and improved by means of the expropriation of adjacent large estates.

The legislators took the view that the unification of deteriorated farms is not justified from the

localities. This work was completed in 75 per cent of the cases, the remainder still being in progress.

As regards farm unification, up to January 1, 1927, work was started in respect of "chessboards" covering an area of 2,218,000 hectares belonging to 281,327 farms situated in 5,420 localities. Farm unification is more difficult than the settlement of peasant privileges, and for this reason the unification work completed comprises only an area of 563,000 hectares (or about 25 per cent). Unification work on an area of 198,000 hectares had to be abandoned, but operations have been continued on the rest of the territory, and it is safe to say that the report on the work carried out up to January 1, 1928, will make a still more favourable showing. It should be stated that land unification is very popular with small holders, and the demands for it are so numerous that the authorities are unable to satisfy them all promptly, owing to the lack of technical personnel.

Up to January 1, 1927, large landed estates covering an area of 1,159,000 hectares had been parcelled. In the current year 830,000 hectares including 180,000 hectares of State lands, have been destined for parcellation. The area of private estates destined

for parcelling reached 500,000 hectares at the beginning of this year. The parcelling movement is exceptionally strong, so that in most cases, in the years to come, there will be no necessity to resort to compulsory land expropriation.



ONE OF THE BASINS OF THE PORT OF DANZIG (PHOT. S. PLATER)

THE PRESENT ECONOMIC SITUATION OF DANZIG

ONE OF THE favourite arguments of politicians antagonistically disposed to the new demarcation of Central European frontiers, and in particular to the creation of the Free City of Danzig, is the statement that Danzig, through being included in the Polish Customs Territory, is unsuccessful in its development, and is undergoing a crisis more severe than in any other post-war economic structure. It is also readily repeated that Danzig separated from the German economic organisation has lost its foothold, and has gained nothing in return from economic dependence on Poland.

The use of high-sounding phrases, naturally, makes an impression on persons unacquainted with

the actual state of affairs. However, anyone who takes the trouble to examine the different statistics, is convinced that the truth bears a very different aspect.

Danzig, of course, also felt the post-war crisis, the result of inflation and the lack of capital. It had to adapt itself to the new conditions, enter into new trade relations, and create new branches of trade and industry. To-day it can be stated that the Danzig merchant has solved the most of these new problems, and that the economic development of Danzig is following the right path.

The most important section of the economic life of Danzig is undoubtedly its port. Danzig owes its place as one of the greatest trade centres of Central and Eastern Europe, to its situation on the sea at the mouth of the Vistula. For centuries Danzig was the natural port of the whole of the Vistula

basin, and developed most favourably when it was closely joined to its natural hinterland, which is Poland.

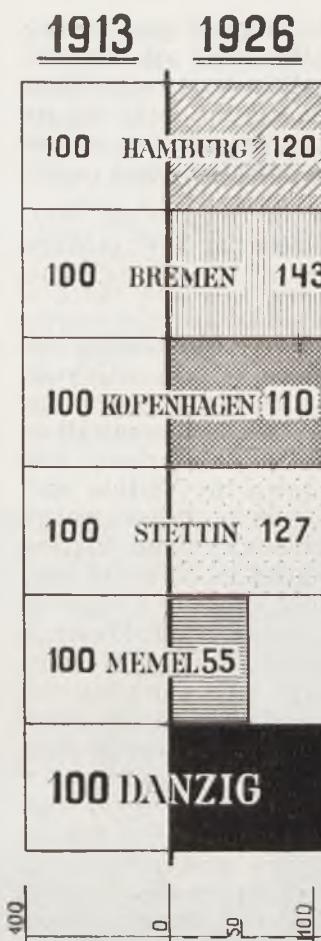
The port of Danzig, which from the XVth to the XVIIIth century held the first place among the trade centres of Eastern Europe, descended during the XIXth and XXth centuries to the rank of a provincial Prussian port.

After the war, Danzig became the base for the sea trade of the whole territory of Poland, while in pre-war days its hinterland was limited to Western Prussia, the North of Poznań and the province of Warsaw. At present, thanks to the tariff policy of the Polish Railways aiming at the concentration of the greatest portion of the Polish sea-trade on the Polish coast, the port of Danzig has greatly extended its hinterland. Beside the traffic from the Polish districts which the port served before the war, there now comes timber from the North-Eastern Voievodships, coal from Upper Silesia, and sugar from the Poznań area.

This favourable policy as regards Danzig, has had a strong effect on the development of the port. The official statistics make the following statement: the total net registered tonnage of vessels calling at Danzig in 1926 was 3,432,480, or 271 per cent greater than the 931,000 net registered tons in 1913. During the first three quarters of the present year the steamer traffic was 18 per cent greater than in the corresponding period of 1926, which shows that the rapid development of the port has not yet ended and that, on the contrary, it has still other far-reaching possibilities of expansion. The number of national ensigns frequenting the port rose from 11 in 1912 to 23 in 1926. Danzig has at present about 70 regular direct steamer connections with all the larger world ports.

The development of freight traffic progressed with the same rapidity. The freight turnover in 1926 was 6,300,000 tons, in comparison with the average of 2,270,000 tons for the last three years before the war. The freight traffic during the first three quarters of 1927 is divided as follows: exports: coal 2,948,050 tons, timber 1,313,749 tons, agricultural products 189,188 tons, mineral oils 34,968 tons, and cement 89,942 tons; imports: iron ores 216,697 tons, scrap iron 223,075 tons, artificial fertilizers 261,509 tons, and agricultural products and foodstuffs 224,123 tons. The port has since the war adapted its appliances to meet the augmented traffic. The number of cranes rose from 18 before the war to the present 50, a modern storehouse and a series of other appliances has been constructed. By means of capital obtained from an American loan, the construction of a new basin, which will handle the loadings of bulk cargoes has been commenced.

The constant improvement of the situation in the port Danzig is best illustrated by the following graph of the comparative rate of development of Danzig and the remaining most important Baltic ports. The below statement is based on figures for tonnage of vessels departing from the ports (in net reg. tons, taking 1913 = 100):



The above outline of the development of the port traffic since the war should be sufficient to convince anyone that the Port has lost nothing by the post-war change of frontiers. Discontent, however, regarding the economic situation in Danzig, having its source in political motives, has not ceased. Therefore, let us hear what the German press, which cannot be accused of partiality to Poland, has to say on the matter.

The "Königsberger Allgemeine Zeitung" of October 23, 1927, contained an article entitled "Königsberg-Danzig im Russlandhandel", of which the following is an excerpt:

"The great political and economic changes in the post-war structure of Eastern Europe, created a new situation in the economic foundations of the ports of Königsberg and Danzig. The four largest ports on the Eastern shore of the Baltic in 1913 were St. Petersburg, Riga, Königsberg and Danzig. Of these four ports, Danzig is the only one which has not only reached the pre-war traffic figures, but has exceeded them by 280 per cent. If the freight traffic figures for the different ports in 1913 are taken at 100, the following are the relative figures for 1926: Danzig 370, Königsberg 99, Riga 40. The favourable growth of the Danzig freight traffic is explained by the fact that the changes in the political grouping of Eastern Europe has broadened its hinterland. Danzig has become, and always will be, the trading port of Poland."

By political and tariff changes and other economic backing on the part of Poland, Danzig has become competitively stronger than Königsberg and has extended the radii of its sphere of activity even to territories which used to be the exclusive domain of that port".

The "*Ostseezeitung*", Stettin, of October 25, 1927, contains the speech of Dr. Behm at the plenary session of the Stettin Chamber of Commerce. The following is an excerpt:

"The revival of Poland with Danzig as a port of export and a Free City, and Gdynia as a new purely Polish port, has changed the conditions as regards direct communication for Pomerania. The Polish hinterland has gained a natural outlet down the Vistula and the hinterland of the Vistula port has grown greatly thereby. Simultaneously, the hinterland of the port of Stettin is diminishing, since the Western part of the former Congress Kingdom (Central Poland) and South-Western Poland are to-day gravitating towards Danzig. The Polish State Railways are carrying out a systematic tariff policy aiming at the total concentration of traffic in the ports of Danzig and Gdynia. This tariff policy is the main reason why Stettin cannot even reach the pre-war figures. We see month by month how the imports of iron ore and scrap iron, which once were tied down geographically to us, are leaving Stettin for Danzig. And not only transports to the Polish part of Upper Silesia, but also those to German Upper Silesia and, in an increasing quantity, to Czechoslovakia".

Politicians reading the above quotations, being unable to deny their correctness, will yet say that so far there has only been mention of Danzig port and nothing has been said of the economic life of Danzig as a whole. Here again the best answer is to turn to the views of a German newspaper.

The "*Königsberger Allgemeine Zeitung*" of September 23, 1927, in the article "*Wirtschaftsbrief aus Danzig*" writes as follows:

"There are many other indications of the favourable situation in Danzig besides the rise of steamer and freight traffic, the activity in the timber trade and the large orders for shipyards. The statistics of bankruptcies show that during the first seven months of this year, only 22 applications for bankruptcy were announced in the local court, in comparison with 57 in the corresponding period of 1926. During the same period the number of protested bills of exchange declined from 1,718 to 765. The number of unemployed shows a constant decrease, namely — from 18,492 in February to 9,297 in August. On the other hand, public savings rose considerably; for instance, in the Municipal Savings Bank the savings accounts on July 31, 1927, were 16·2 million Gulden compared with 12·7 million Gulden on December 31, 1926".

The above extract confirms that the economic development of the Free City of Danzig is keeping pace with the expansion of the port.

In order to avoid the reproach of bias in this article, the most disinterested sources have been used, with the hope that in this manner a frank contribution has been made towards changing these views on the economic situation of the Free City of Danzig.

THE VALORISATION OF LIABILITIES IN THE LIGHT OF INTERNATIONAL RELATIONS

THE VALORISATION of liabilities is one of those problems which although non-existent prior to the war, has, since its conclusion, become of great moment in a large number of countries. The object of valorisation is the increase of the value of monetary obligations which declined sharply, in many cases to a vanishing point, owing to currency depreciation. The latter phenomenon is not new in the history of finance, for as Keynes*) rightly remarked: "There is no historical warrant for expecting money to be represented even by a constant quantity of a particular metal, far less by a constant purchasing power". and further: "There is no record of a prolonged war or a great social upheaval which has not been accompanied by a change in the legal tender". Nevertheless, the changes which have taken place in the value of money and its purchasing capacity since the Great War, were very much larger than any previously recorded; moreover, they occurred at a period when the capitalistic system, so much developed in the XIXth century, was at the height of its power. One of the features of this system is a division between the management and the ownership of riches, which is responsible for a division of the community into two classes: the business men and the capitalists. The depreciation of monetary obligations destroyed the equilibrium which had existed between the two groups. It must be remembered, however, that only the first group, the business men, represents an active and creative factor in the economic life of nations. Hence Keynes remarks: "Those secular changes which in the past have depreciated money, assisted the new men and emancipated them from the dead hand; they benefited new wealth at the expense of old, and armed enterprise against accumulation. The tendency of money to depreciate has been in past times a weighty counterpoise against the cumulative results of compound interest and the inheritance of fortunes. It has been a loosening influence against the rigid distribution of old-won wealth and the separation of ownership and activity". However, the above mentioned social considerations justify, in a way, a moderate depreciation of monetary obligations, but that which took place after the Great War, must be regarded, owing to its unprecedented extent, as a heavy and most injurious blow to the saving public, which, as is

*) J. M. Keynes, "A tract on monetary reform".

well known, has been greatly impoverished, particularly in Europe, in consequence of the war operations.

Under these circumstances the lack of equilibrium between debtors and creditors has made relations between these two more strained than ever.

This phenomenon was responsible for the fact that, for example, both the Polish and the German Governments felt compelled to intervene in the matter of the redemption of pre-war liabilities. The old legal régime was helpless under the new conditions, and law courts were unable to discharge their functions as they would have done under normal circumstances. This statement does not imply that the law courts have not contributed to

as this fall is an index of the impoverishment of the debtors and should be divided evenly between them and their creditors. The German laws are based on the same foundations, although, maybe, they are more favourable to the debtors in that they take more into consideration their ability to pay, which is indicated for instance by a much longer moratorium, by the reduction of interest, &c.

The laws of the two countries are the result of a great deal of work and if they fail to satisfy everybody, it is because the conditions obtaining during and after the war, not only in Poland and in Germany but in most of the European states, have been, and, in a way, still are, abnormal.

If the regulation of pre-war liabilities within the



ONE OF THE NEW STREETS IN WARSAW (PHOT. S. PLATER)

the calling into being of valorisation laws. In Poland, just as in Germany, law courts drew attention to the principle of valorisation by their verdicts, but they could not, of course, elaborate a scale for the conversion of liabilities. The creation of the scale of conversion was not a legal matter—it was outside the scope of legal competence; it was rather a matter of social and economic justice. The efforts at an even distribution of the consequences resulting from the general impoverishment and the necessity for the taking into account of the ability to pay of the debtors, were the two factors which necessarily brought about new legal standards. These two factors contributed directly towards the adoption of the valorisation laws both in Poland and in Germany. In both the countries they gave rise to political strife; it could not be otherwise, for there were too many different interests at stake.

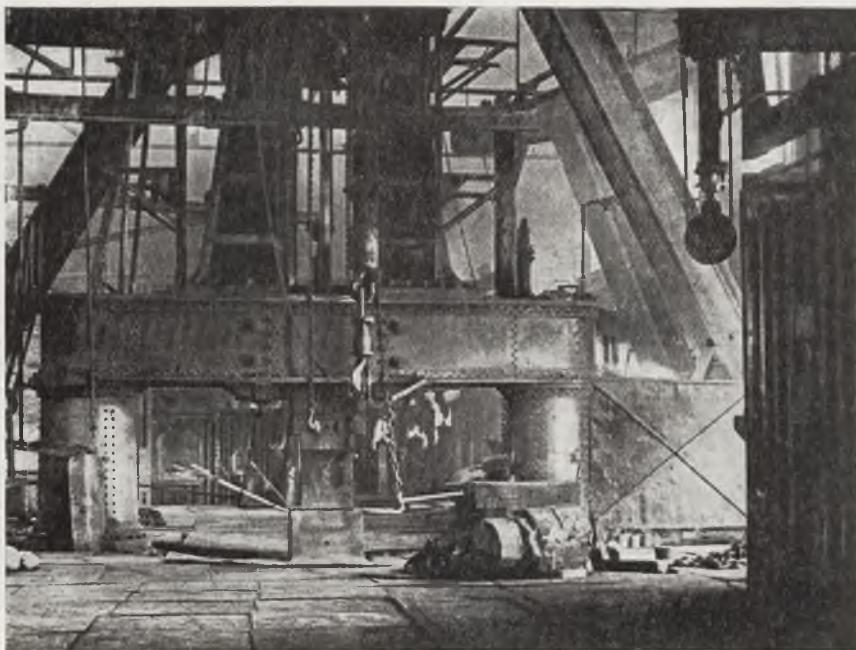
The Polish valorisation laws are the outcome of conscientious studies of and investigation into the extent of the fall of the value of real estates,

country entails such heavy work, it is easy to imagine the difficulties which arise in connection with the settlement of pre-war debts between citizens of different countries. Here, not only individual interests come into play, but also the efforts of the countries to show the least possible indebtedness. As soon as legal prescriptions which regulate the settlement of liabilities between the citizens of two different nations become obsolete and have to be amended, there crop up a whole range of political and economic questions and considerations which take precedence over all other questions. The factors, which exercise a decisive influence on the methods of adjustment of liabilities between citizens of one country, here lose their significance and even cease to be the actual motives for regulation. As is well known, there is a general tendency among all nations to play as important a rôle, as is reasonably possible in the political and economic life of the world, and under such conditions it is extremely difficult to evenly distribute the burdens of the universal impoverish-

ment. Also the ability to pay of a foreign debtor is by no means a limit to the claims of the creditor, for when the former is unable to meet his obligations or when he needs some assistance in the form of credit facilities, due to the changes resulting from the new conditions in his country, the creditor invariably endeavours to make the nationals of his debtor responsible for the discharge of his liabilities. It is clear, therefore, that the redemption of depreciated liabilities between two countries should be based on entirely different foundations.

To begin with, it should be observed that the relationships between two nations may have undergone radical changes. It will be remembered

instances. This is evident for instance in the Austro-Czechoslovakian treaty of July 18th, 1924 (ratified on February 22nd, 1926) in respect of liabilities in old Austro-Hungarian Crowns. The application of this principle on a very large scale is unthinkable as there are still other factors to be considered. A nation which was a creditor prior to the war will defend its position. In accordance with the general principle of international law, which forbids the application of different treatment to foreign nationals than to own citizens, each country will claim the extension to its citizens of all the privileges and terms of settlement in force in the country concerned, i. e., which are applicable to local creditors. This demand was put forward by



STEAM HAMMER AT AN U. SILESIAN FOUNDRY

that, prior to the war, indebtedness of one nation to another could be established by the simple addition of the debit and credit items and the subtraction of one sum from the other. But after the war, with uneven currency devaluation, the financial relationships between two given countries may have been subject to profound modifications. It is obvious that a nation which had previously been a debtor will not be disposed to renounce the advantages resulting from its new favourable position, especially as it is brought about by the course of developments and not by illegal methods, and will not be inclined to valorise the foreign liabilities of its nationals even at the risk of losing its own assets in the respective foreign country. Therefore, the tendency to bring mutual liabilities to levels which would not involve the payment of a balance is quite understandable, for in this way the balances of payments of the respective countries remain unaffected. It is certain that this tendency has its limits, but it will be apparent in many

Poland in treaty negotiations with Czechoslovakia, and being conceded to, it is embodied in the treaty of April 23, 1925, dealing with various legal and financial matters. It should be stated, however, that Czechoslovakia has not granted these terms to all countries with which it is in treaty relations. The Austro-Czechoslovakian treaty referred to above contains privileges to the contrary because Austrian creditors do not obtain their assets according to the Czechoslovakian internal laws, but according to a scale of moderate rates fixed in the treaty. On the other hand, these rates are not applicable to Czechoslovakian debtors who as a rule pay more than the Austrian creditors receive, the surpluses being utilised for the settlement of claims which have nothing in common with the redemption of liabilities, namely — they are devoted to the payment of Czechoslovakian claims from Austrian citizens. It is seen that the former régime of liability settlement has changed its character. That is why treaty negotiations now present great difficulties,

for instead of a search for new legal principles to be applicable to the different categories of State and private financial matters, great attention is paid by the Governments to the general interests of their nations, even if the basic principles of civil law have to be violated or sacrificed. The old Czechoslovakian treaty forms a striking example of the changes which have taken place in the mode of liability settlement between two States and merits careful attention.

Besides the tendencies which have already been referred to, namely — the care for the balance of payments and for the interests of the creditor (particularly those in Czechoslovakia), there is in this treaty a slight touch of another tendency which, according to the reciprocity principle of international law, will, insofar as the financial relations between two countries with depreciated currencies are concerned, form a stipulation that a creditor cannot receive more than a foreign debtor pays; this principle is all the more interesting to the Polish community as it is embodied in the Polish valorisation law applicable to Polish foreign liabilities. In the case of Poland this principle has nothing in common with the protection of the interests of Polish creditors (which is one of the aims of the Austro-Czechoslovakian treaty), but is designed to exercise a favourable influence on the balance of payments and is therefore to the advantage of the debtors whose liabilities are subject to a comparatively low valorisation. The application of this principle, quite independently of administrative regulations, is entrusted to law courts which issue judgements in case of disagreement. In this manner, the Polish valorisation law applicable to foreign creditors is in conformity with the universally accepted principles of justice and is very liberal. That is why it forms an equitable basis for negotiations with foreign countries concerning the valorisation of foreign pre-war liabilities.

The Polish-Czechoslovakian treaty of April 23, 1925, applicable to Polish citizens, is founded on this basis; also the stipulations of the Berlin protocols of July 2, 1927, which are to be embodied in the future German-Polish valorisation treaty. The above mentioned treaties ensure to Polish citizens the same privileges which Germany and Czechoslovakia grant to their nationals in the matter of the redemption of pre-war liabilities and their valorisation. In return, though with small exceptions, Poland grants to German and Czechoslovakian citizens all the privileges embodied in her valorisation law. These exceptions are due to the application of the principle of material reciprocity. Thus, for example, a German creditor cannot claim the return of money from a Polish citizen before the expiration of the period of moratorium established in Germany for the same category of liabilities. Similarly, the valorisation rates of Polish industrial, municipal and State obligations have been reduced to approximately the same level as they exist in Germany. The valorisation treaties referred to regulate the relations of Polish citizens with those of the neighbouring countries, and

contribute materially to the maintenance of good friendly relations with the respective nations.

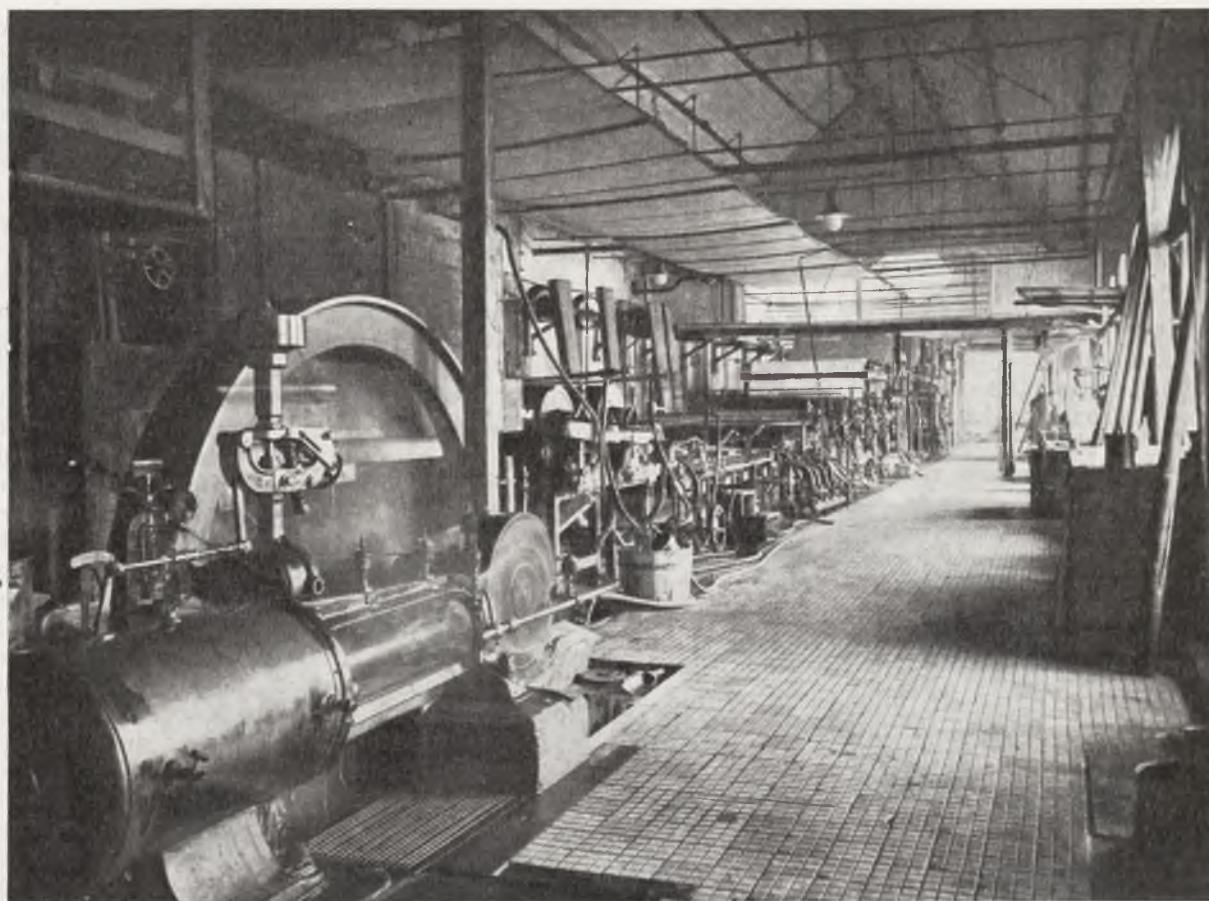
To the Polish liabilities, due to the citizens of countries other than Czechoslovakia and Germany, the Polish valorisation laws are applicable within the limits of formal and actual reciprocities. Formal reciprocity implies that Polish citizens should receive no worse treatment in the matter of the redemption of liabilities than the citizens of the relevant countries. Formal reciprocity in regard to Polish citizens has been extended by practically all countries, so that only material reciprocity comes now into account. In this respect distinction should be made between two groups of countries. The first group includes those, the currencies of which are at gold parity, and the second those, the currencies of which have depreciated. The amounts due to the citizens of these countries are, in accordance with the Polish law, subject to valorisation, which, however, cannot exceed the limits of the currency depreciation in the relevant country. In practice this means an almost complete amortisation of Russian, Austrian and Hungarian liabilities and a marked limitation of valorisation of those, due to the citizens of certain Balkan States.

The valorisation of liabilities and its application to foreign debts will, no doubt, give food for reflection to many people for some considerable time to come. The establishment of an unquestionable doctrine is in this matter extremely difficult, if not impossible, all the more so, as most countries including France and Italy, oppose, in principle, the very idea of valorisation of liabilities, and are in favour of the old theory according to which a national currency is the only means for debt payment, no matter whether it is maintained at par or below it. It is clear that the application of the principle of valorisation causes frequent dislocations in the distribution of riches among the different sections of a nation and also among the peoples of different States. In Poland and in Germany efforts have been made to prevent this, if only partly, and if these dislocations cannot be entirely removed from the relations between different nations, this is largely due to the after-effects of the Great War.

THE PAPER INDUSTRY IN POLAND

THE POLISH PAPER industry in pre-war days developed unevenly throughout the country. It was situated chiefly in the former Russian province, where 14 paper mills were in operation; in the former Austrian province there were 4 mills and in the former German province 2 mills, both on the territory of Upper Silesia. The war left its mark on the industry, as 4 mills, 2 in South-Western and 2 in Eastern Poland were completely demolished, while others were shut down on account of requisitions made by the armies of occupation.

With considerable effort, as soon as the war was stopped, most of the mills were put into operation. During the succeeding year 2 ruined mills in the



ONE OF THE MACHINES IN THE MIRKOW PAPER MILL (PHOT. J. MALARSKI)

Eastern territory were rebuilt, and 3 new ones were erected and set in motion in Bydgoszcz, near Poznań, and in Czułów. At present, there are in Poland 21 mills. Besides paper mills proper, there are 7 cardboard factories for the manufacture of roofing felt, and 12 factories, producing other varieties of cardboards. Semi-finished materials are produced by 3 mills.

Of the 21 mills mentioned above, 12 are limited liability companies with an aggregate capital of about 40 million Swiss Francs, 8 are private enterprises with a capital of about 8 million Swiss Francs, and one mill is State-owned. Up to the present, foreign capital has taken little interest in the Polish paper industry, and its share does not exceed 10 per cent.

The situation as regards the raw material is exceptionally favourable. The basic material, spruce, is found in large quantities in the Eastern Voievodships and in the Carpathians:

	Area of spruce forest (in hectares)	Yearly new growth of spruce *) (in cubic metres)
North-Eastern Voievodships	279.657	838.971
Carpathians	486.626	1,946.504
Total:	766.283	2,785.475

It has been found in practice that in the North-Eastern Voievodships, of the total amount of spruce,

*) The natural yearly new growth is 3 cub. m. per hectare in the North-Eastern Voievodships, and 4 cub. m. per hectare in the Carpathians.

50 per cent is used for pulpwood, in the Western Carpathians 35 per cent, and in the Eastern Carpathians only 25 per cent — on account of the fact that throughout this territory little else but spruce grows and therefore this tree has to be used wherever wood is needed. Taking into account the addition of fir, gauged in practice at 10 per cent, it results that at present Poland disposes annually of 981.700 m³ or about 638.100 tons of pulp-wood: 420.000 m³ from the North-Eastern Voievodships, 105.600 m³ from the Western Carpathians and 456.000 m³ from the Eastern Carpathians. In the event of a rise in demand, this volume could be considerably increased, by diverting into the paper trade the amount of this tree now utilised for other purposes.

There is a sufficient quantity of rags in Poland. The semi-finished products, like aluminium sulphate used for glueing, and for bleaching paper pulp, are furnished by the home industry. Only pyrites, resin, clay and dyes are imported from abroad.

Pulpwood is transformed into wood pulp and cellulose. Nearly all the mills producing paper from wood pulp possess their own grinding mills which are sometimes models of correct installations, but there are practically no grinding mills producing pulp for sale. This individual production results in relatively high prices of pulp, and these are further augmented by neglect of cheap water power, and often by the distance from the grinding mills to



NEWSPRINT WAREHOUSES AT A PAPER MILL NEAR WARSAW

the coal mines and spruce forests. The home production of wood pulp does not cover the demands of the mills, so that the difference of from 100 to 150 tons per month has to be imported from abroad, mainly from Austria.

Three factories transform wood, mainly spruce, into cellulose, i. e., 2 sulphur cellulose factories in Włocławek and Czułów, and one soda cellulose factory in Kalety. The production, import, export and home consumption of sulphur cellulose is as follows (in tons):

	Production	Import	Export	Consumption
1922	23.498	6 187	4.746	24.939
1923	29.996	2.752	5.737	27.011
1924	29.793	4.209	14.474	19.528
1925 ¹⁾	24.216	2.911	7.311	29.816
1926 ¹⁾	25.000	1.600	2.000	35.400

At the end of the present year, the total production will probably amount to 38,000 tons, the import to 6,000 tons, home consumption to 44,000 tons. Export has ceased altogether. It is characteristic that the consumption of cellulose is rising faster than the production of paper. This results from the fact that after the war the home market was satisfied with low grade paper, containing a large

percentage of wood pulp, but as the standard of living began to rise, a demand for a better quality came into being. The cellulose industry which was forced during the first post-war years to export its surplus production, cannot at present meet the needs of the home market. Therefore the factory in Włocławek has begun to extend its works: in the first half of the coming year it will increase its production by 9 to 10 thousand tons, and during the succeeding two years will add another 20 thousand tons to its yearly output.

Coming in turn to the production of paper in Poland, it must be said at once that the Polish industry, adapting itself to the demand of the home market, manufactures mainly medium grades of paper. During last year, the production of newspaper material was sufficient for current needs, and capital investments made in one of the mills guarantee that the natural growth of demand in the next few years will be satisfied, so that import will be unnecessary. The same holds true for linen papers, but the production of medium grade school and printing paper, which forms the major portion of the paper imports into Poland, is insufficient.

The production and import and export of paper in the last years was as follows (in tons):

¹⁾ Approximate figures.

	Production	Imports	Exports
1922	42.120	25.809	3.170
1923	28.390	25.403	4.525
1924	44.340	10.500	1.197
1925	70.760	19.700	1.118
1926	71.040	5.331	1.345

The production of cardboard has increased largely during the last years: from 12.422 tons in 1924 to 16.110 tons in 1925 and 19.015 tons in 1926. Taking into account the home production of paper and cardboard, and their import and export, it is found that in the last years the consumption of paper in Poland was approximately 117.500 tons, which makes a yearly consumption per inhabitant of 4.2 kg. This, in comparison with the United States (about 50 kg.) and Germany (about 23 kg.), is a very small quantity. However, it is to be expected that a considerable increase will take place through compulsory education, the growth of reading and writing and the rise in the requirements and needs of the population. The increase of consumption, therefore, from the causes mentioned above and from the natural growth of the population, can be estimated at from 10 to 12 per cent per annum, and thus in 5 years time should reach 6.5 kg., and in 10 years should exceed 10 kg. per head annually.

The increasing capacity of the home market

together with the great reserves of raw material create wide possibilities for the paper industry in Poland. It has long experience to back it and in certain branches has already shown considerable powers of expansion, for instance in the case of cigarette papers, of which large quantities are exported. The only obstacle to the development of the industry is the lack of capital, which not only prevents expansion to the limits made possible by the stores of raw material and demand, but also renders impossible the necessary rational growth of the works. It is sufficient to indicate that out of 44 paper machines, 24 have a width of from 140 to 185 cm., 16 from 186 to 235 cm., and only 4 machines have a width of over 262 cm. Leaving out of account the first category of the machines, $\frac{3}{4}$ of which do not answer modern requirements, the medium width machines manufacturing medium and higher grades of paper are too slow, their production rate being 50 to 80 metres per minute. Similarly other parts of the technical plant are out of date.

Therefore rapid modernisation and development of production is a necessity and is the only means of avoiding the wasteful system hitherto in force, i. e., the pulpwood being transferred abroad from the far corners of Poland and the paper manufactured therefrom being brought back again.

SUMMARY OF LAWS, ACTS AND EXECUTIVE DECREES

published in the "Official Journal of Laws of the Republic of Poland" ("Dziennik Ustaw Rzeczypospolitej Polskiej")

from October 15th to November 15th 1927

Partial amendment of the regulations for stamp fees ("Dz. Ust. R. P." No. 90, item 804).

Changes in the railway freight tariff¹⁾ ("Dz. Ust. R. P." No. 90, item 811, and No. 94, items 843 and 844).

Refund of duties when exporting lathes²⁾ ("Dz. Ust. R. P." No. 91, item 819).

Refund of duties when exporting dyes³⁾ ("Dz. Ust. R. P." No. 91, item 820).

Regulations regarding tax facilities for small credit institutions ("Dz. Ust. R. P." No. 92, item 827).

¹⁾ See page 503.

²⁾ See page 502.

³⁾ See page 502.

Changing the statute authorising the Customs Offices to investigate and decide infringements of the customs laws ("Dz. Ust. R. P." No. 92, item 828).

Decree regarding the census of horses, cattle, pigs and sheep ("Dz. Ust. R. P." No. 93, item 835, and No. 94, item 842).

Additional retail price list for tobacco products ("Dz. Ust. R. P." No. 93, item 838, and No. 95, item 848).

Compulsory supply of vehicles for the construction and up-keep of public roads and bridges ("Dz. Ust. R. P." No. 95, item 846).

Changes in the monetary system¹⁾ ("Dz. Ust. R. P." No. 97, item 855).

Change in the Statutes of the Bank of Poland²⁾ ("Dz. Ust. R. P." No. 97, item 856).

Customs rebate on nitrates³⁾ ("Dz. Ust. R. P." No. 97, item 857).

Removal of foreign currency restrictions⁴⁾ ("Dz. Ust. R. P." No. 97, item 858).

Changes in the freight tariff of narrow-gauge railways ("Dz. Ust. R. P." No. 100, item 870).

¹⁾ See page 511.

²⁾ See page 515.

³⁾ See page 502.

⁴⁾ See page 512.

PRODUCTION AND TRADE

STATE OF EMPLOYMENT IN OCTOBER.—During the four weeks, from October 2 to October 29, the situation on the labour market did not change materially. The number of unemployed registered in State Labour Ex-

changes diminished from 117.054 *) to 117.021, or by 33. At the same time the

*) These figures are lower than those formerly given in these pages. The difference arises from the fact that the State Labour Exchanges when making up statistics of unemployment, used to include, in addition to the registered out of work

number of part-time workers increased. Wages show a continued upward tendency.

enjoying the services of the Exchanges, the approximate amount of non-registered unemployed; at present this has been discontinued, and from now on the unemployment figures in these pages will embrace only the registered unemployed — Ed.

At the end of the different months of 1927 and 1926 the numbers of registered unemployed were as follows:

	1926	1927
January	301,457	208,536
February	302,179	213,592
March	295,529	205,770
April	272,414	190,578
May	256,934	174,349
June	243,302	159,365
July	223,474	147,713
August	205,393	132,952
September	185,207	117,054
October	167,826	117,021

The number of unemployed in 1927, which for each month is lower than for the corresponding month of 1926, decreased rapidly from the end of February when it was at its maximum, to the beginning of October. During this month, however, the fall was checked. There was a similar decrease in 1926, and so, comparing the two years, the conclusion is reached that the lower level of 1927 was caused by a general improvement of economic conditions. The check in the decrease in October is by no means a sign that the economic situation is worse, but, as was the case also in 1926, it is the result of the close of the working season proper for agriculture, building &c., and for certain seasonal industries; it is also the result of the return home of seasonal emigrants. It is to be expected that the dead season for agriculture will even cause, for the winter months, the conditions on the labour market to become worse.

The following statement gives the number of unemployed according to trades *):

	September	October	+ Increase — decrease
mining	21,102	19,343	— 1,759
foundries	3,097	2,876	— 221
metal	9,915	9,405	— 510
textile	14,719	14,401	— 318
building	5,029	5,531	+ 502
clerical	17,856	15,228	— 2,628

In the coal mining industry, employment further improved. In connection with the large increase in the home demand and a certain rise in exports, the output of coal was greater. In oil mining, the situation remained without change; nearly all the damage caused by the flood in the Drohobycz district has been repaired. The state of employment in the iron ore mines improved considerably; in the Częstochowa area there is a lack of qualified miners. Potassium salt mining shows no great activity. The number of unemployed miners decreased during

the month by 1,759, and was about 13 per cent of the employed.

The situation in the iron founding industry showed practically no change. Steel works and rolling mills continue to be well employed. The demand for high grade iron sheets increased, while for thin sheeting it diminished. On the whole, the home orders, in comparison with September, rose, while export fell off. In the zinc foundries, in spite of a further decline in prices, there is no change in the state of employment. The number out of work in the foundry industry, as a whole, decreased by 221, and was about 6 per cent of the employed.

The situation in the metal working industry is, in general, favourable, and in view of the good prospects for farmers, especially so in the production of agricultural implements and machinery. The machinery and electrical apparatus factories, textile machinery works and nail and wire manufactures, are well employed. The sales and production of constructional iron and steel beams and of forged articles declined as a result of the closing of the season and the sharp foreign competition. The situation for mill machinery factories is still difficult, owing to the competition of German firms, which are giving long-term credit. The number of unemployed metal workers declined by 510, and was about 11 per cent of those at work.

In the textile industry the fear of overproduction, and the consequent plans for considerably limiting production, especially in the small and medium-sized Łódź firms, did not materialise in view of increasing sales, and the factories did not curtail in any way their output. In the woolen industry of the Łódź district the prospects continue to be very good. Home and foreign orders for summer fabrics are coming in inconsiderable quantities. There was a certain improvement shown in the Białystok woolen industry. The number of unemployed textile workers fell by 318, and was about 8 per cent of the employed.

In the building trade there was only a slight falling off in spite of the approaching winter season. There was a renewal of building in the country, owing to the completion of work on the land.

The number of unemployed in the trade increased by 502.

There was a very large fall in the

number of unemployed clerical workers, i. e., 2,628.

There were 32,796 part-time workers (25,094 at the end of September); of this number 166 worked 1 day per week, 601 worked 2 days, 644 were employed 3 days, 5,246 — 4 days, and 18,437 — 5 days per week. Taking the average, the part-time worker was employed 4·6 days per week, as against 4·5 in September.

During October both manual and clerical workers put in demands for higher wages. The wages in the Silesian iron foundries were raised by 5 per cent, and in the ore mines by 8 per cent. The earnings of the metal workers in Warsaw were increased by 6 per cent. The bricklayer's strike in Poznań ended with a wage rise of 12 per cent. The strike in the Bielsk jute and hemp industry has not yet terminated: the wage dispute will probably be settled by arbitration.

GRAIN

The outstanding feature of the grain market in the latter half of October was a further maintenance of stabilised prices. Compared with the first half of the month, prices of wheat showed a decline of 1·1 per cent whereas those for rye rose by 1·3 per cent, those for feeding barley — by 0·7 per cent, and for malting barley — by 0·5 per cent. Only the prices of oats showed a strong upward trend, the rise during this period amounting to 4·9 per cent.

The first half of November also did not see any considerable changes in the prices. Compared with the latter part of October the average price of rye remained unchanged. The price of malting barley showed an increase of 0·2 per cent, of oats — 0·5 per cent, and that of feeding barley — a drop by 0·5 per cent. A marked change was recorded in the case of wheat, the average price of which experienced a fall by 2 per cent.

The movement of prices on local corn exchanges as compared with prices ruling abroad is given below:

(table — see next page)

It will be seen from the above table that the prices of grain in Poland continue to be high, being about 50 U. S. cents higher than those quoted on the American corn exchanges. In this connection the export of grain with the exception of barley showed

*) As already mentioned, owing to the change in the methods of preparation of the statistical data, it was not possible to give the figures of the unemployed in the group "various"; therefore, the figures appearing in the table could not be summed up — Ed.

	Oct. 1st—15th		Oct. 16th—30th		Nov. 1st—15th		Percent- age of differ- ence*)
	£	\$	£	\$	£	\$	
W H E A T :							
Warsaw	48.89	5.48½	49.28	5.52½	48.79	5.47	— 1.0
Poznań	47.14	5.28½	47.31	5.30½	46.79	5.24½	— 1.1
Lwów	48.75	5.46½	48.30	5.41½	46.39	5.20	— 3.9
Average price	48.26	5.41	48.30	5.41½	47.32	5.30½	— 2.0
Berlin RMk.	25.26	6.01	24.69½	5.88	24.06	5.73	— 2.6
Chicago	—	4.78	—	4.62	—	4.61	— 0.2
R Y E :							
Warsaw	38.70	4.34	39.42	4.42	40.10	4.49½	+ 1.7
Poznań	38.35	4.30	38.56	4.32	38.57	4.32½	+ 0.0
Lwów	37.90	4.25	38.45	4.31	37.73	4.23	— 1.9
Average price	38.31	4.29½	38.81	4.35	38.80	4.35	— 0.0
Berlin RMk.	24.00½	5.71½	24.60	5.85½	23.50	5.59½	— 4.5
Chicago	—	3.79	—	3.83½	—	3.89½	+ 1.6
B A R L E Y :							
a) Brewing:							
Warsaw	41.16	4.61½	41.47	4.65	41.75	4.68	+ 0.7
Poznań	40.76	4.57	41.16	4.61½	41.35	4.63½	+ 0.5
Lwów	40.50	4.54	40.72	4.56½	40.54	4.54½	+ 0.4
Average price	40.81	4.57½	41.11	4.61	41.20	4.62	+ 0.2
Berlin RMk.	24.21½	5.76½	24.32	5.79	24.17½	5.75½	— 0.6
b) Feeding:							
Warsaw	38.18	4.28	38.93	4.36½	38.76	4.34½	— 0.4
Poznań	34.—	3.81	34.—	3.81	34.—	3.81	—
Lwów	34.88	3.91	34.65	3.88½	34.30	3.84½	— 1.0
Average price	35.68	4.—	35.86	4.02	35.68	4.—	— 0.5
Berlin RMk.	22.05	5.25	not quoted	not quoted	not quoted	not quoted	—
Chicago	—	3.69½	—	3.65	—	3.55½	— 2.6
O A T S :							
Warsaw	35.22	3.95	37.11	4.16	37.19	4.17	+ 0.2
Poznań	33.09	3.71	33.54	3.76	34.08	3.82	+ 1.6
Lwów	32.29	3.62	34.92	3.91½	34.82	3.90½	+ 0.3
Average price	33.54	3.76	35.19	3.94½	35.37	3.96½	+ 0.5
Berlin RMk.	20.47½	4.87½	20.94½	4.98½	20.28	4.83	— 3.2
Chicago	—	3.26½	—	3.16½	—	3.30	+ 4.3

a marked falling off, the unfavourable balance of grain exports for October amounting to gold francs 1,610,000.

Exports of grain in October as compared with the preceding month and the corresponding period of last year is illustrated below (in tons):

1 9 2 7: 1928		
September	October	October
wheat	991	553
rye	1,146	857
barley	6,721	7,266
oats	554	519

*) In our previous issues we used to give two separate columns of percentages calculated for Dollars and Zloty; henceforward, in view of the

Imports effected during the same period as compared with the preceding month, and October 1926, were as follows (in tons):

	1 9 2 7	1926
	September	October
wheat	3,592	12,086
rye	1,097	388
barley	325	305
oats	447	966

As may be seen from the above mentioned data, barley showed an excess

of exports over imports amounting to 6,961 tons valued at £ 2,695,000, and rye 469 tons valued at £ 229,000. On the other hand, wheat showed an excess of imports over exports amounting to 11,533 tons valued at £ 5,523,000, and oats 447 tons valued at £ 170,000.

The bulk of wheat and rye exported from Poland during October went to Germany. Barley was exported mainly to Belgium, which took 38.3 per cent of the total, while smaller consignments were directed to Denmark (15 per cent), Germany (9.9 per cent) England (9.8 per cent), Estonia (9.4 per cent), Norway (6.2 per cent), Holland (4.3 per cent), other buyers being: Latvia, Finland, Czechoslovakia, Switzerland and Lithuania. Oats were mostly directed to Germany (44.1 per cent) and also to England, Belgium, Holland and Finland.

The chief source of wheat supplies was Hungary with 42 per cent, and Germany—34 per cent. Smaller quantities were received from Canada (9.3 per cent), Rumania (8 per cent), and also from Sweden, Czechoslovakia, the United States of America, Australia and Austria. Rye was imported from Rumania (43.6 per cent), Russia (29.6 per cent) and Germany (26.8 per cent). Barley was exclusively supplied by East Prussia. Oats were received chiefly from Germany (82.6 per cent) and smaller quantities from Rumania (12.8 per cent) and Russia.

The table given below illustrates the movement of grain between Poland and abroad in the first quarter of the year 1927/8, as compared with the corresponding period of the agricultural year 1926/7 (in tons):

Imports:	Exports:	Surplus of import (-)	
		1927/28	1927/28
first quarter	first quarter		
wheat	18,897	4,012	3,618 11,509
rye	11,650	5,509	2,231 67,528
barley	716	169	15,389 43,873
oats	1,814	82	223 3,434

The grain balance in the first quarter of the agricultural year 1926/7 closed with a favourable balance amounting to gold francs 22,470,000, whereas that for the same quarter of 1927/8 closed with an adverse balance amounting to gold francs 3,150,000.

B U T T E R

— In the latter half of October last the butter market was quiet and it was only at the beginning of November that a slight upward tendency was noticeable.

Favourable weather conditions which prevailed up to the middle of November

final stabilisation of the Zloty, only one column will be given — Ed.

helped considerably towards the maintenance of milk production at the level of the previous month and also enabled the cattle to be grazed in the open.

Prices of high-grade cream butter in the first half of November as compared with those ruling in the second part of October, were as follows (per kg.):

	October	November	Percentage
	15th-31st	1st-15th	of difference
	£	\$	
Lublin	6.30	0.71	6.90 0.77 + 9.4
Lwów	6.00	0.67	6.20 0.70 + 3.2
Warsaw	6.55	0.73	6.75 0.76 + 3.1
Wilno	6.80	0.76	6.95 0.78 + 2.1

In October exports of butter were practically the same as in the previous months and amounted to 787 tons valued at £ 4,641,000. The bulk of it went to Germany which took 721 tons or 91.6 per cent, smaller quantities being rendered to England (4.2 per cent), to Austria (3.9 per cent), and to and Denmark Czechoslovakia.

EGGS

— In the second half of October and in the first half of November there was a strong tendency on the egg market. One of the chief factors responsible for the upward tendency of prices was a comparatively small supply of eggs for, as is well known, the production of this commodity at this time of the year is inadequate to cover the demand. High grade eggs were much in demand for export purposes, and the shortage was felt very badly. There appeared on the market pickled eggs, which are much in demand as soon as the supply of fresh eggs falls short. Pickled eggs fetched from £ 215 to £ 255 per case of 1,440 eggs.

Eggs for export in the latter half of October, were quoted at \$ 35 per two cases of 720 eggs each at frontier station, which increased to \$ 36.5 at the beginning of November. Retail prices for fresh eggs fluctuated from £ 0.24 to £ 0.25 each for high grades, from £ 0.22 to £ 0.23 for ordinary grades, and pickled eggs were obtainable at 0.20 each. Wholesale prices were as follows (in £ per case of 1,440 eggs):

	October	November
	15th-31st	1st-15th
Katowice	245— to 275—	255— to 285—
Sosnowiec	280—	290—
Kraków	279.70	267— to 292.50
Lublin	240— to 275—	230— to 285—
Lwów	275—	279—
Tarnów	271— to 283—	288—
Warsaw	285—, 290—	285— to 300—



DRYING TILES AT ONE OF PRINCE SANGUSZKO'S ESTATES
(PHOT. S. PLATER)

The volume of egg exports in October declined considerably as compared with the preceding month, it being 4,019 tons valued at £ 13,673,000 as compared with 6,262 tons in September. More than a half (52.8 per cent) was sent to Germany, 16 per cent to Austria, 9.9 per cent to Czechoslovakia, 8.3 per cent to England, 7 per cent to Italy, and smaller quantities to Holland, Switzerland, France, Belgium and Denmark.

STANDARDISATION OF EGG EXPORTS. — The export of eggs from Poland is a branch of trade which for a long time has called for standardisation. The situation obtaining heretofore, which allowed the uncontrolled export of eggs without taking into account the technical and personal qualifications of the exporter, resulted

in inexperienced persons dabbling in the trade and these often sent out inferior goods, and so lowered the reputation of Polish eggs abroad, and hurt the interests alike of Polish poultry farmers and Polish egg merchants.

To put an end to such a state of affairs, the Ministry of Agriculture has drawn up a plan for a Presidential decree regarding the export of eggs abroad.

The plan is in the main analogous to similar prescriptions regulating the export of eggs from Denmark, Ireland, Norway, Latvia and Estonia. The new plan does not introduce the limitation of the quantity for export as was the case in the first years of Polish independence. The regulations planned by the Ministry of Agriculture are of a qualitative nature, and firms granted the right of export may send out an unlimited quantity, so long as the goods be fresh, rightly sorted and properly packed.

The defective side of the Polish egg export is not, as is sometimes suggested, the sending out of small eggs together with those of the first grade. Such conditions obtained before the war and will continue for a considerable time to come, for it cannot be expected that poultry farming can be improved over the whole country within a few years; there will therefore be no objection made to the export of small eggs, but there will be a severe control over the freshness, wholeness and cleanliness of the exported goods, and over right sorting and packing of the eggs destined for export.

Every effort will be made to see that the transition from the present uncontrolled export of eggs to the new regulated export be accomplished as gradually and evenly as possible so that the regulations may have no injurious effect on either poultry farming or merchants in the foreign egg trade.

The draft of the new statute was sent to the Polish economic circles interested in the trade and, so that the point of view might be as broad as possible, not only to agricultural organisations, but also to purely trade organisations. The great majority accepted the underlying bases of the statute and commented only on certain details which were taken into account by the Ministry of Agriculture in the final revision of the draft.

The draft reads as follows:

Art. 1.—The articles of the present decree treat of the export of hen's eggs in shell.

These regulations do not apply to eggs in transit through the Polish territory, nor do they apply to the export of eggs, destined for the own use of persons going abroad, in quantities not exceeding 50 eggs per person.

Art. 2.—It is forbidden to export bad eggs or those externally damaged.

Art. 3.—Eggs for export shall be inspected, sorted, packed and transported in the manner which will be described by the decree of the Minister of Agriculture.

The decree of the Minister of Agriculture may in addition prescribe that eggs for export be stamped with special marks, described in detail in this decree.

Art. 4.—Eggs may be exported only by concerns which obtain from the Minister of Agriculture a permit therefor, issued for a limited or unlimited time.

The permit can be withdrawn at any time by the Minister of Agriculture.

Art. 5.—A permit for the right to export eggs may be obtained only by those concerns, where the technical equipment is deemed by the Minister of Agriculture to be suitable.

The conditions to which the above mentioned technical equipment should conform, will be described by the decree of the Minister of Agriculture, published in agreement with the Minister of Industry and Commerce.

Art. 6.—The concerns granted the right to export eggs are bound to keep trade registers, in which shall be noted: the number, weight and quality of eggs sent abroad, the date and place of loading and the destination of the shipment, and the consignee thereof.

Art. 7.—The control over the export of eggs is carried out, in accordance with the regulations of the present decree—by the Minister of Agriculture through his appointed agents.

Art. 8.—For the purpose of keeping control over the export of eggs, in accordance with the regulations of the present decrees and the decrees issued on the basis thereof, the appointed agents (art. 7) have the right of:

- a) entrance to any premises of concerns trading in eggs;
- b) viewing trade registers mentioned in art. 6, and taking a copy of these registers;
- c) investigating the quality of eggs for export;
- d) control over all technical work in connection with the preparation of eggs for export;
- e) control over transports of eggs for export, and of stopping such transports as do not answer the conditions stipulated in the present decree and the decrees issued on the basis thereof.

The detailed instructions concerning the controlling of the export of eggs by the appointed agents, will be established by the decree of the Minister of Agriculture.

Art. 9.—In case of transport arrest, the agent who caused the arrest should draw up the necessary record and advise without delay the concern interested.

An arrested transport, not taken back by the consignor within 4 days is liable to sale by public auction for the account of the consignor.

Art. 10.—Those guilty of violating the regulations of the present decree issued on the basis thereof, shall be penalised, in the event of the act of violation not being an offence calling for a heavier penalty, by imprisonment for not more than six weeks or by a fine not exceeding X 3,000.

The penalties of imprisonment and fine may be imposed together.

If the act of violation is perpetrated through carelessness, then a fine should be imposed.

In the verdict imposing the fine, provision should be made, in case of impossibility of payment, for the replacement of the fine by imprisonment for not more than six weeks.

Art. 11.—Judication in cases of the violation of the present decree or decrees issued on the basis thereof, appertains to the "Starosta" (the district governor).

Art. 12.—An appeal against the judgement of the "Starosta" may be handed in during the seven days succeeding the delivery thereof to take the case to the respective county court which will act according to regulations, binding in the first instance trial.

The judgement of the court in the second trial has the force of law.

In the territory where the German Statute of Criminal Procedure of 1877 is in force, the regulations of the police penal code are applied.

Art. 13.—The execution of the present decree is in the hands of the Minister of Agriculture and the other Ministers

in accordance with their sphere of activity.

Art. 14.—The present decree comes into force six months after the date of its publication.

CATTLE AND MEAT

REGULATIONS FOR COMBATING INFECTIOUS ANIMAL DISEASES.

In the "Dz. Ust. R. P." No. 77, of September 2, 1927, the decree of the President dated August 22, 1927, regarding the combating of infectious animal diseases, was announced.

Previously 9 acts, handed down from the time of the foreign occupation, were in force, and they became invalid as from January 1, 1928, when the new regulations takes their place.

The introduction to the decree determines the sense of the technical nomenclature: "combating", "infectious animal disease", "animals", "suspect animals".

Chapter I defines the competence of the different authorities in the execution of the precepts of the decree.

Chapter II lays down the regulations for the means against the carrying in of contagious animal diseases from abroad. On the strength of these regulations, the Minister of Agriculture may limit or may forbid the entrance from abroad or transit through Poland of animals, carcasses, parts of animals or animal products, or anything which can spread disease; and may likewise import from abroad veterinary serums and vaccines and preparations for the detection of contagious animal disease. In general, import or transit of animals or their parts through Poland requires in every instance the permission of the Minister of Agriculture. Chapter II also foresees that in the event of the serious danger of bringing in cattle plague, a military guard of the frontier may be ordered. In addition, the Minister of Agriculture, in agreement with the interested Ministries, is empowered to arrange for the disinfection of persons coming from abroad and their belongings.

Chapter III contains the regulations for the means of protection against animal infection within the country. Art. 20 imposes the duty, among others, of reporting to the nearest police station, or directly to the district governor ("Starosta") himself, every case of sickness from any of the following causes: cattle plague, lung plague, foot and mouth disease, anthrax, gangrene emphysematosa, bovine septicaemia haemorrhogica, tuberculosis in its open forms, glanders, sheep pox, dourine, exanthema, vesiculosoitale, scab, rabies, swine erysipelas, foul cholera and pestis avium. The Minister of Agriculture may, over the whole territory of the State, add to the above list any other sickness, or prescribe the means for combating them, or may suspend the duty of reporting, for a prescribed time or till further notice, special sicknesses mentioned in Art. 20.



MILKING AT A PEASANT COOPERATIVE DAIRY

Chapter IV contains 14 parts and concerns prescriptions for means against different contagious animal diseases, and describes in every case the treatment to be followed.

The prescriptions of Chapter V, concerning compensation and assistance, are very important to stock farmers. According to these prescriptions, compensation from the State is due for animals killed by order of the authorities or dying from vaccine and other treatment foreseen in the statute and executed by order of the authorities, and for commandeered animals. Assistance in money will be given in cases where the animal's death is officially found to be caused by cattle plague, lung plague, open tuberculosis, foot and mouth disease of cattle, glanders, dourine, rabies, swine fever, and, in the case of horses, cattle, sheep and goats — anthrax, gangrene emphysematosa, and bovine septicæmia haemorrhagica.

The prescriptions give the Minister of Agriculture the right of granting prizes to stock owners who, hag, although, having, by strict adherence to the regulations of the authorities, contributed to the checking of disease and thereby incurred heavy loss, are not entitled to compensation or assistance.

Chapter VI deals with the question of costs in the execution of the Statute. The State bears the costs connected with the administration and veterinary service as regards the detection and checking of contagious animal disease, and bears also the costs of compensation, assistance and prizes. The State also bears the cost of the frontier guard, disinfection at the frontier of persons and their belongings, inoculation and branding, with the exception of the branding of dogs.

The districts carry out at their own cost the care and observation of diseased animals or animals suspected of and

susceptible to, a given disease, the killing of sick and suspect animals in the case clearly described in the Statute, with the exception of abattoir, the cleansing, disinfecting, destroying and riddance, in a manner making contagion impossible, of carcasses, their parts unsuitable for use, products and waste; the announcement of eruption and extinction of disease; the giving of help to the State authorities in dissection, inoculation and trial extractions, the placing of a civilian cordon in the case of cattle plague, killing or capture of wandering dogs affected by rabies, giving notice thereof to neighbouring districts and the police, and the registration of dogs.

Individuals or enterprises engaged in trading, transporting or driving stock, pay the costs of inspecting the animals and veterinary examination.

All costs not falling to the State, districts, or enterprises are paid by the stock owners, and if these latter be unable to pay, then they are paid by the respective districts. The costs falling on districts may be covered wholly or in part by the country communal associations.

Chapter VII deals with the penalties. Judgment in cases of violation of the regulations is in the hands of the district governor; the accused may,

however, within 7 days from the date of reception of the verdict, take the case to the respective county court.

TIMBER

On the Danzig timber market a quiet tone prevailed in October, which is a usual characteristic feature of this month of the year. Under the influence of the high prices ruling for unworked timber, English merchants kept out of the market awaiting a settlement of the situation. Also they do not seem to be inclined to reconcile themselves to the unavoidable increase in prices for Polish sawn wood, and tried, without success, to maintain prices at their previous level, and if this tendency is not modified it is not improbable that the volume of Polish timber exports to England will decline markedly in the near future.

The prices ruling in Danzig in October were as follows (in shillings per cubic metre):

	September		October	
	55/-	to	60/-	55/-
pine logs				
pine telegraph poles (13 m. in length and 18-18 cm. in width)	22/-	"	30/-	22/-
pine pit props	14/-	"	14/6	14/- to 15/-
pine sleepers I	6/6	,	7/10	7/10
pine sleepers II	3/7	"	3/11	4/3
pine English deals	£ 11.10.0	"	£ 12.00	£ 11.10.0
				12.00

The conditions on the local market continued to be irregular. On the whole, there was in October a substantial increase in prices as compared with

September. The first dealings in the present season gave fantastic results, in support of which it is sufficient to mention the figures paid at Siedlce



A FOREST IN SOUTHERN POLAND (PHOT. J. BUŁHAK)

for sawing timber (see table II). On the other hand, a certain reserve on the part of the leading timber merchants who refrain from speculation is holding up an ultimate settlement of the situation, and it is not anticipated that it will be cleared up before the question of the export of Polish sawn timber to Germany is solved, which is expected to occur at the end of November. It is only after the solution of this problem that the local market will assume a definite character.

The prices quoted by the different directorates during the period under review at truck loading station were as follows (in £ per cubic metre):

	Sept.	Oct.
pine logs for saw mills (per cubic m.)		
Warsaw	59'-	59'-
" Radom	45'-	52'-
" Siedlce	50'-	69'-
" Wilno	39'-	45'-
" Białowieża	40·50	46·50
" Poznań ¹⁾	32-- ²⁾	—
" Bydgoszcz ³⁾	43·85	45·68
" Toruń ¹⁾	44·95	—
pine logs for building purposes (per cubic m.)		
Siedlce	41'-	48'-
" Białowieża	32·50	39·50
" Wilno	31--	35-
pine pit props (per cubic m.)		
Warsaw	30'-	30'-
" Radom	25'-	28'-
" Siedlce	20'-	22'-
" Poznań ¹⁾	23·60 ²⁾	—
" Bydgoszcz ³⁾	24·43	25·51
" Toruń ¹⁾	27-	—
spruce logs for saw mills (per cubic m.)		
Siedlce	40'-	45'-
Lwów	33·58	—
oak logs for joinery (per cubic m.)		
Białowieża	85'-	110'-
" Luck	130'-	135'-

pulpwood (per stacked cub. m.)	Siedlce	28·50	28·50
" "	Wilno	26·50	25--
" "	Białowieża	25-	27--
pine fire wood (per stacked cub. m.)	Warsaw	14--	14--
" "	Radom	12--	12--
" "	Siedlce	13--	13--
" "	Wilno	8-	8--
" "	Białowieża	12·50	13--
" "	Poznań ¹⁾	9·40 ¹⁾	—
" "	Bydgoszcz	13--	12·90
" "	Toruń	10·10	—
spruce fire wood (per stacked cub. m.)	Lwów	7·77	—
beech fire wood (per stacked cub. m.)	Lwów	12·33	—

The export of timber, as compared with September, was, generally speaking, practically the same, both as regards volume and value. There was, however, a slight decline in the volume of exports, which is a usual occurrence at this time of the year. A certain increase in the export of round wood was nevertheless reported.

The total volume of exports effected in the course of the last two months was as follows (in tons):

	September	October
pulpwood	135.751	111.587
pit props	94.478	86.567
logs and stems	88.636	94.328
telegraph poles	4.849	4.008
deals, boards, battens	194.895	175.516
sleepers	16.593	20.299
coopers' ware	2.744	1.885

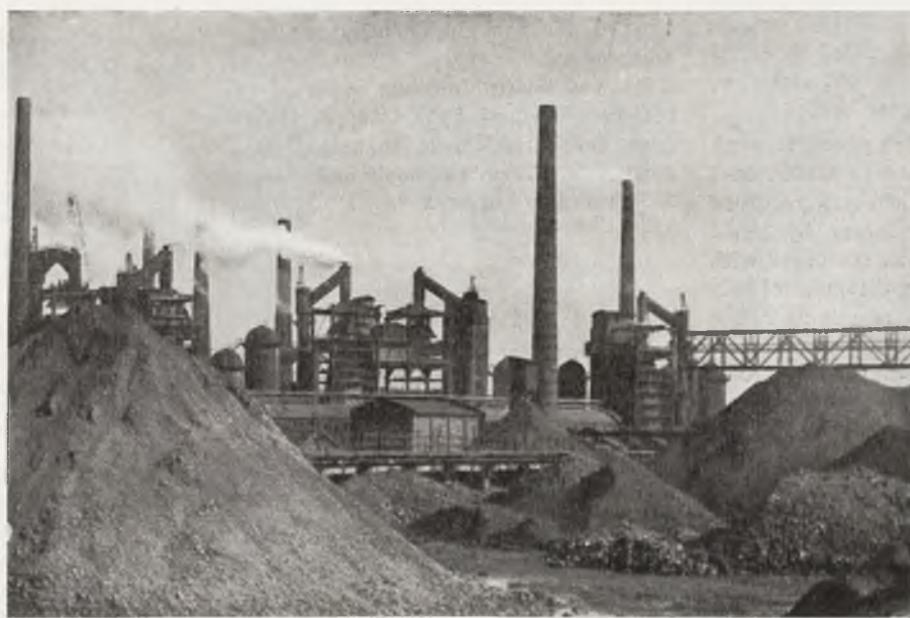
C O A L

The situation in the Polish coal mining industry in October was more favourable than in the preceding month. The increase in the demand for coal on the part of the local market due to setting in of the winter season contributed towards the improvement. On the other hand, the situation in the export trade became worse than in the preceding month, mainly owing to a further reduction in the prices of coal of 6d per ton by the English coal owners who spare no effort to regain the market which they lost during the coal stoppage. Nevertheless, despite sales difficulties, the export of Polish coal in October was not only maintained at its previous level, but even showed a slight increase over September.

A contribution towards the increase of the volume of sales effected in October was a further augmentation of the output which, as compared with September, rose proportionately higher than did the sales. Nevertheless, the

¹⁾ Prices for timber measured t. o. b.

²⁾ Prices for timber affected by the "Panolis flammea".



COAL PIT HEADS IN U. SILESIA (PHOT. S. PLATER)

stocks of coal at pit heads shown in the statement below, are smaller than in the preceding month owing to the writing off of certain quantities of worthless material which was destroyed through spontaneous combustion.

The position of the Polish coal mining industry in October is illustrated by the following table (in tons):

Coal mining districts	Extraction	Home consumption	Exports	Stocks at pit heads ¹⁾
Upper Silesia	2,548,000	1,426,000	893,000	1,012,000
Dąbrowa	657,000	399,000	183,000	413,000
Kraków	212,000	178,000	815	75,000
Total for October:	3,417,000	2,003,000	1,076,815	1,500,000
Total for September ²⁾ :	3,254,000	1,881,000	1,072,000	1,512,000
+ in relation to Sept.	+ 163,000	+ 122,000	+ 5,000	- 12,000

It is seen from the above data that the output of coal in Poland amounted to 3,417,000 tons, an increase of 163,000 tons or 5·01 per cent over September last. Total sales rose during the period under review to 3,080,000 tons or by 172,000 tons or by 4·30 per cent as compared with the preceding month. Stocks at pit heads at the end of October declined to 1,500,000 tons or by 12,000 tons or 0·79 per cent. Local sales reached 2,003,000 tons and were by 122,000 tons or by 6·49 per cent higher as compared with September. This figure is not only higher than in the corresponding period of last year (by 344,000 tons or by 20·74 per cent) but is the

highest reached in any month of this year. Coal exports in October totalled 1,077,000 tons — an increase of 5,000 tons or 0·47 per cent over the month of September.

The distribution of exports in October was as follows (in thousands of tons):

Destination	1925	1926	1927	1927
	first semester ³⁾ (monthly averages)			Sept. ¹⁾ October ¹⁾
Austria	194	214	192	284
Hungary	36	42	48	67
Sweden	—	144	202	233
Denmark	2	72	97	120
Czechoslovakia	47	41	47	7
Latvia	1	18	29	33
Yugoslavia	8	14	22	49
Switzerland	2	10	19	12
Italy	1	49	126	99
Rumania	6	8	10	17
Lithuania	1	3	6	8
Memel	1	3	2	4
Holland	—	1	—	—
Finland	—	9	9	38
France	—	23	16	10
Norway	—	7	15	29
England	—	37	—	—
Germany	451	1	1	1
Belgium	—	—	12	8
Russia	—	—	6	—
Other countries	—	1	6	1
Total:	750	697	865	1,020
Danzig	26	37	27	35
Bunker coal	—	38	15	13
Total:	776	772	907	1,072
Export, Germany not included	325	771	906	1,071
Shipped through:				
Danzig	29	225	314	364
Gdynia	—	30	54	95
Tczew	—	5 ²⁾	11	26

¹⁾ Corrected figures.

²⁾ The monthly average figures for separate countries have been calculated by dividing the respective figures for the first semester by 6; but in fact, these figures were reached for the exports of coal to Holland — during 2 months, to Finland — during 5 months, to Norway — during 4 months. The exports to England date since June, in which month they amounted 221,000 tons.

³⁾ Average quantity for 6 months; this figure has been calculated as explained in note No. 2; exports via Tczew lasted only 4 months.

¹⁾ After deduction of coal utilised for the mines themselves, for workmen, and after correcting the stock estimates.

²⁾ Corrected figures.

It is seen from the above figures that the largest imports of Polish coal in October were the Scandinavian and the Baltic States, which took 502,000 tons or 2,000 tons more than in the preceding month. The Central European States, that is Austria, Hungary and Czechoslovakia rank second with 387,000 tons — an increase of 29,000 tons as compared with September. To the remaining countries coal exports, together with bunker coal, amounted to 186,000 tons — a drop of 28,000 tons as compared with September.

As regards the export of coal to the different countries, the increase to Yugoslavia by 22,000 tons or by 44·90 per cent is worthy of note; in addition, a comparatively large increase in the volume of exports in October were recorded in respect of the following countries: Czechoslovakia (by 12,000 tons or 171·43 per cent), Austria (by 11,000 tons or 3·87 per cent), Latvia (by 11,000 tons or 33·33 per cent), Finland (by 11,000 tons or 28·95 per cent), France (by 10,000 tons or 100 per cent), Denmark (by 9,000 tons or 7·50 per cent), and in a lesser degree — to Hungary (by 6,000 tons), Danzig (by 5,000 tons), and Rumania, Memel and Switzerland.

Exports to Italy declined by 54,000 tons or 54·55 per cent, due to the failure of the Polish exporters to secure a contract for the supply of coal to the Italian railways. Further, a comparatively large drop was recorded in the exports to Sweden (by 20,000 tons or 8·58 per cent), and to Norway (by 14,000 tons or 48·28 per cent), and in a lesser degree to Lithuania.

The average daily dispatch of coal to foreign countries amounted to 41,423 tons — an increase of 192 tons or 0.47 per cent over September.

In October the dispatch of coal through Danzig which amounted to 385,000 tons reached the largest hitherto recorded proportions, and was larger by 21,000 tons or 5.77 per cent as compared with a month earlier. The dispatch of this commodity through the remaining Polish ports drops slightly: the largest decrease, from 36,000 tons in September to 16,000 tons in October, was recorded in the case of Tczew; the volume of exports shipped through Gdynia amounted to 95,000 tons as against 94,000 tons shipped in the preceding month. The total quantity of coal shipped in October through all the three ports referred to above amounted to 495,000 tons (45.96 per cent of the total volume of exports), or 10,000 tons, i. e., 2.06 per cent more than in the preceding month (485,000 tons — 45.24 per cent of the total coal exports).

In connection with the general improvement in the position of the coal mining industry the number of idle days was slightly reduced, which is indicated by the percentage of the total number of working days, i. e., from 5 per cent in September to about 3 per cent in October.

The number of workmen employed, as compared with September, rose in October by 1,326 to 111,972. This increase resulted in the decline of the number of unemployed miners, which, according to the official returns, was 19,343 on October 29th or less by 1,759 than on September 30th.

The average output per workman rose further in October, reaching 1,253 kg. per working day. Compared with September, the increase amounts to 27 per cent, and with the average pre war figure — to 9.62 per cent.

The negotiations between the miners' unions and the coal owners in the Dąbrowa and Kraków districts in respect of an increase in wages resulted, owing to the Government's intervention, in an increase being granted amounting on the average to 8 per cent. The new wages came into force as from October 1st.

The home and also export prices to countries within the coal convention remained unchanged. On the other hand export prices f. o. b. Danzig for shipments to the Scandinavian countries, as a result of the above mentioned decline in prices of English coal by 6/-, declined and fluctuated from 13/-

to 13/3 for the Upper Silesian large assortments.

Railway tariffs for coal exported by sea were lowered by £ 0.50 per ton as from October 15th, so that the rates now in force are: to Danzig and Gdynia £ 7.70 and to Tczew £ 7.

PETROLEUM

The output in October of crude oil from the largest Polish oil field, Borysław, which furnishes 75 per cent of the total Polish production, was, according to provisional data, over 46,000 tons, or about a daily average of 1,500 tons. The slight increase in comparison with the 44,260 tons in September, was due to the extra day in the month and the completion of several wells.

Of these recently completed wells the following should be mentioned:

The well "Ullman" of the Goldmann mine in Southern Mraźnica, on October 7 gave, at a depth of 1,522 metres, about 20 tons of pure crude oil per day, without any water.

Well No. XII of the Nobel mine, also in Southern Mraźnica, on October 24th, at a depth of 1,536 m., gave an output of about 15 tons of pure crude.

Well No. 1 of the Księże Pole mine in Daszawa (Drohobycz district), on October 10th, at a depth of 666 m., produced earth gas at a rate of 50 cubic metres per minute.

The results of the last drillings in Mraźnica (the South-Western part of the Borysław field), will undoubtedly give an impetus to drilling activity in the Southern Mraźnica region, which is considered as the land of the future.

The wages of oil workers remained without change during October. Relations between workmen and employers were normal. The only exceptional incident was a strike of a few hours' duration, occasioned by the dismissal of 5 workmen.

The tendency on the crude oil market was in general weak. The price per ten-ton tank of Borysław crude was about \$ 210. The larger refineries held back, awaiting a further reduction in prices.

On the petroleum products market the tendency was likewise weak, with the exception of kerosene, for which there was a large demand of a seasonal character, and the price of which rose both on the home and foreign markets.

In September there were 60,161 tons of oil extracted, as follows (in tons):

Drohobycz district	50,834
Jasio	6,156
Stanisławów	3,171
Total:	60,161

The average daily production in the largest area — Borysław, amounted to 1,475 tons (in August 1,480 tons, in July 1,500 tons).

The number of workmen employed, including all workers in gas and auxiliary electrical works, &c. was 11,951.

The crude oil stocks rose to 67,254 tons (at the end of August 47,976 tons, at the end of July 45,454 tons). The increase in the stocks contributed, together with other causes (decrease of delivery to refineries, the bad market for nearly all petroleum products), to a reduction in the price of the raw material.

The gasoline industry made further progress, as follows:

	August	September
throughput of gas (in thousands of cub. m.)	21,546	21,324
output of gasoline (in tons)	2,260	2,272
home sales of gasoline	2,230	2,106
export	54	90
number of workmen employed	184	185

The extraction of ozokerite in the two mines (in Borysław and Dzwiniacz) reached 50 tons (in August 61 tons). The decrease was the result of the flood on August 31, which cut the water and gas mains of the Borysław mine. The prospects on the market improved; the stocks of ozokerite fell from 249 tons in August to 233 tons in September. The number of workmen employed was 414 (in August 444).

The refining industry was in September as follows (in tons):

throughput of oil	48,019
output of petroleum products	43,471
home consumption	36,488
exports	20,369
stocks on September 30th	174,921
number of workmen employed in refineries	4,836

The increase of home consumption, in comparison with the corresponding period of 1926, should be noted: in September of that year it was 30,342 tons.

Exports in 1927, however, were smaller than that in 1926, when they attained 41,192 tons.

Exports in September were as follows (in tons):

benzine	4,408
petroleum	3,174
gas oil	4,200
lubricating oil	3,541
paraffine wax	2,275
other products	2,771
Total:	20,369

The distribution of exports, according to their destination, was as follows (in tons):

Czechoslovakia	7,972
Austria	1,802
Germany	1,639
Switzerland	582
Other countries	3,433
	15,428
Danzig	4,941
Total:	20,369

THE NEW PETROLEUM SYNDICATE. — At the end of October conferences of the petroleum firms' representatives were held in Kraków, regarding the formation of a petroleum syndicate. The discussions were brought to a successful conclusion and, therefore, the harmful competition between the different enterprises will come to an end. The agreement was signed in the first days of November, and is valid until the middle of 1929. The largest Polish (and European) refinery, that of Drohobycz, belonging to the State, will be a party to this agreement, if the Government permits. It is to be expected that the agreement reached between the largest enterprises, will make possible the further development of the petroleum industry in Poland, especially as in the agreement there is a clause for the creation of a special drilling fund. In this connection a great deal is expected from the new Government decree for the promoting of oil drilling (dealt with under a separate heading).

THE DECREE FOR PROMOTING OIL DRILLING. — The Council of Ministers on October 27 passed the decree for the promoting of oil drilling.

This decree, which aims at increasing drilling operations, which have declined considerably in the last years and thus unfavourably influenced the production of petroleum, will immediately come into force, after being signed by the President of the Republic and published in the "Dz. Ust. R. P." This is expected to occur at the end of November.

This decree, to which great importance is attached in Polish petroleum circles, and which will probably result in greater interest being displayed in the Polish petroleum industry by foreign capital, will be published in these pages in the next issue of "The Polish Economist".

At present we are giving a few of the more important points. The decree grants special facilities to induce test drilling (pioneer work). As test drilling is understood (Art. 2): 1) drillings at a distance of at least 2 km. from the nearest productive wells, and 2) drillings at a lesser distance which are admitted by the proper mining authorities to be of a test nature, owing to the special geological formation or to a search for new deeper oil levels.

Enterprises which, within 10 years from the publishing of the Presidential decree, begin the above mentioned drilling are granted, among others, the following facilities:

1) freedom, for the above period of time, from all State taxes on the capital invested in the drilling;

2) freedom, for a period of 10 years from the moment when the first test well

comes into production, from production income tax for all wells drilled within a radius of $\frac{1}{2}$ km. from the original (Art. 1).

The prohibition of export of crude oil is suspended, for a period of ten years from the date of the publication of the decree, for 50 per cent of the oil produced from the above mentioned wells.

The Minister of Industry and Commerce is authorised to free, on State-owned petroleum areas, the production of the above mentioned wells from the so-called brutto interest*) due to the Treasury (Art. 6).

It is to be expected that the facilities granted by the decree will draw the attention of foreign capital to the possibilities existing in Poland, especially as regards the Government oil fields which have been very little prospected but which are undoubtedly very rich **).

THE PRODUCTION OF NATURAL GAS. — The new and efficient gas drillings in Daszawa opens new possibilities for the development of the gas industry in Poland. In this connection the following is a condensed account of this industry.

The total output of natural gas in Poland is about 900 cubic metres per minute. The largest quantity is given off by the Borysław basin (over 500 cubic metres per minute), where generally speaking the oil wells also give out natural gas.

At Bitków, in the Eastern part of ex-Austrian Poland, gas is produced by 70 oil wells of which eight are situated on the so-called "gas field". The total production is about 100 cubic metres per minute. Unfortunately, for the time being the prospects of development are poor, because the vicinity of Bitków is only industrialised to a very small extent, and there is no market for the gas, with the exception of the neighbouring oil mines and refineries. Only the laying of the gas main to Lwów (about 170 km.), which is planned, can improve the situation.

In the Western part of the same province, in the region between the cities of Jasło and Krosno, 25 wells give about 85 cubic metres per minute. There is a sufficient demand from the numerous refineries in this district, mines and other industrial works (brick works, foundries, &c.), and from the cities for heating and lighting.

The gas area in Daszawa (near Stryj), is the youngest of the Polish gas areas. In 1924 the first gas well was drilled, the output of which, at a depth of 740 m., began with about 100 cubic metres per minute. This rate of output has continued up to the present day. A second well, drilled in 1925, is giving a similar production. And as a third well, the "Księże Pole", $2\frac{1}{2}$ km. away from the other two, is giving a very large output, the supposition that under Daszawa there is a gas area of great though as yet undefined dimensions, is well founded.

*) Brutto Interest denotes the per cent payment in kind to the State, in the form of crude oil drilled on the land belonging to the State and exploited by private capital — Ed.

**) See "The Polish Economist" No. 1/1927, page 8.

THE FRANCO-POLISH MINING COMPANY, LTD. — A group of Polish petroleum industrialists, together with the "Compagnie Franco-Polonaise des Petroles", have created a new petroleum concern named as above. The new company has its domicile in Lwów, and has a capital of £ 900,000.

IRON

— The output of the iron foundries in October was maintained more or less on the same level, as in the past few months. They have enough orders to keep them going at full capacity for a few months to come. The output of pig iron is increasing slightly from month to month, and this has improved the position of the iron ore mines, the development of which was, until quite recently, hampered by the competition on the part of the German mines with which Upper Silesian foundries, connected as they are by old bonds of friendship, placed big orders taking very little from the Polish mines. The imposition of a customs duty on the poorer grades of ores compelled the iron foundries to enter into closer relations with local mines. The result was that while during the period preceding the imposition of a customs duty imports of iron ore amounted to 146,787 tons, after the introduction of the duty this figure fell to 14,593 tons.

The output, imports and exports of ore are given below (in tons):

	Extraction	Imports	Exports
4th quarter 1926 ¹⁾	32,373	23,977	7,612
1st " 1927 ¹⁾	38,723	47,240	5,368
2nd " 1927 ¹⁾	40,961	58,815	7,415
July	46,280	65,808	6,580
August	45,620 ²⁾	71,147	9,903
September	47,699 ²⁾	70,481	8,000 ³⁾
October	51,714 ²⁾	57,653	—
October 1926	30,178	25,546	10,133

The figures relative to the import of ores include also materials containing iron ore, in quantities from 12 to 16 per cent, such as pyrite slags, &c. As is seen by the above table, the output of ore in October rose by 4,015 tons or by 8.4 per cent as compared with September, whereas the increase in September as compared with the preceding month, August, amounted to 4.6 per cent.

Compared with October 1926, the output during the period under review rose by 71 per cent.

There were in October 28 mines in operation, of which 25 were producing, the corresponding figure for September being 26, while in the remaining three only preparatory work was carried on. The following statement illustrates the

1) Monthly average.

2) Corrected figures.

3) Provisional figures.



NIGHT VIEW OF ONE OF THE U. SILESIAN FOUNDRIES (PHOT. S. PLATER)

situation in the iron industry in the past 6 months:

		Number of mines:	Number of workmen:	Output per workman (in tons)	
		In operation	raising iron	employed in iron ore production	total
May	1927	24	23	6.288	6.251
June	"	26	23	6.593	6.504
July	"	27	24	6.388	6.310
August	"	28	26	6.190	6.168
September	"	28	26	6.107	6.076
October	"	28	25	6.117 ¹⁾	6.090

It is seen from these figures that, despite the steady decrease in the number of workmen, the output per head is steadily increasing, which testifies to the growth in the productivity of the Polish workers. Thus, in July the productivity, as compared with the preceding month, rose by 14 per cent, in August—by 11 per cent, in September—by 6.3 per cent, and in October—by 6.6 per cent. The productivity per workman might have been still higher if qualified miners were available but there is a lack of these throughout the iron mines. One of the chief causes of this situation is the seasonal emigration of workers to Germany, where they are mostly employed by the farmers, but in view of the termination of work on the land, an improvement should now set in in this respect.

Iron foundries worked under satisfactory conditions, according to the returns of the Syndicate of Polish iron foundries. Orders amounted to 35,000 tons as against 53,500 tons in September. The former figure included Government orders for 1,800 tons, and private orders for 33,000 tons, the corresponding figures

for September being 25,000 and 26,000 tons respectively. It is seen that the decline was due to a drop in Government orders as private orders even rose considerably as compared with the two preceding months. The orders which pass through the Syndicate do not include pig iron and pipes or the works' own consumption.

The output of iron foundries during the past few months was as follows (in tons):

	Pig iron	Steel Ingots	Rolled products ²⁾	Number of workmen employed
4th quarter 1926 ¹⁾	33,375	87,669	63,656	38,483
1st " 1927 ¹⁾	44,207	102,356	72,276	41,179
2nd " "	47,546	98,876	70,988	43,406
July	"	51,395	111,142	82,168
August	"	56,608	114,704	81,086
September	"	59,150	110,657	86,998 ³⁾
October	"	62,445 ⁴⁾	104,313 ⁴⁾	87,527 ⁴⁾
October 1926	27,150	81,930	59,417	45,604 ²⁾
				37,481

It will be seen from these figures that the output of pig iron and rolled products in October rose as compared with September. On the other hand that of steel declined. The increase in the output of pig iron in October, as compared with September—by 5.6 per cent, is, under the present conditions obtaining in Poland, highly desirable, for the local market suffers from a shortage of this material which has to be imported in large quantities. The necessary raw materials were obtainable without difficulty, so that the iron foundries were not in any way hampered in their operations. The deliveries of iron ore of Swedish and Russian origin encountered certain difficulties in the winter months, and that is one of the reasons which accounts for the decline in the imports of ores.

The stocks of scrap iron held by the foundries are sufficient to cover the demand for several months to come, notwithstanding this, however, new consignments continue to arrive. In October the quantity of scrap iron received was 43,071 tons as against 28,031 in September. Imports of this material in August and July were 51,153 and 50,913 tons respectively.

Export of iron and steel products in October rose considerably, which is illustrated by the following figures (in tons):

	Exports:	Imports:		
	Sept. 1927	October 1927	Sept. 1926	October 1926
pig iron	878	1,318	1,355	855
rails, iron and steel articles	2,213	5,355	1,703	2,166
iron and steel sheets	4,821	5,307	3,193	455
pipes	2,277	3,961	3,175	206
			139	319
			565	565

The volume of exports effected in October amounted to 15,941 tons as against 10,189 tons in September, an increase of 5,752 tons or 56.5 per cent. Among the different grades a marked improvement was recorded in commercial and sectional iron and also in the pipe section. On the other hand imports of foundry products declined from 3,882 tons in September to 2,848 tons in October. The aggregate tonnage of exported foundry products and their value is given below:

	Exports (in tons)	Value of exports (in thousands of gold francs)	Average value per ton (in gold francs)
4th quarter 1926 ¹⁾	36,986	9,231	250
1st " 1927 ¹⁾	44,526	10,789	242
2nd " 1927 ¹⁾	36,866	9,552	259
July	11,580	3,661	316
August	13,740	3,678	267
September	10,189	3,129	307
October	15,941	4,600 ²⁾	290

¹⁾ Monthly average.

²⁾ Pipes not included.

³⁾ Corrected figures.

⁴⁾ Provisional figures.

¹⁾ Monthly average.

²⁾ Approximate value.

The average value of 1 ton exported in October fell as compared with the preceding month, due mainly to the increase of exports of the lower grades of foundry products such as commercial iron, as compared with iron sheets and pipes.

The destination and distribution of the products of the Polish foundries is given in the statement below, covering the period from August 1st 1926 to July 31st 1927 elaborated according to the data furnished by the Export Union of Polish iron foundries. These figures include finished rolled products and pipes but do not include pig iron exports. The statement shows all those countries which received over 1,000 tons during the period under review (in tons):

Destination	Exports	Per cent of total exports
Rumania	29,158	18·6
Japan	24,172	15·4
Germany	15,200	9·7
Denmark	14,464	9·3
Latvia	9,685	6·2
Italy	8,335	5·4
Hungary	6,222	4·0
Russia	5,978	3·8
Czechoslovakia	5,895	3·7
Austria	5,131	3·3
England	4,298	2·8
Sweden	3,839	2·5
China	2,941	1·9
Argentine	2,703	1·7
Dutch Indies	2,547	1·6
Yugoslavia	2,250	1·5
Mexico	1,268	0·8
Switzerland	1,045	0·7
Other countries	11,045	7·1
Total:	156,180	100·0

The above exports were composed of the following products (in tons):

Exports	Per cent of total exports
iron and steel sheets	49,077
commercial iron	45,366
pipes	41,013
nails and appliances	11,959
rolled wire	7,688
semi-finished rolled products	857
parts of locomotives	127
special steel	93
Total:	156,180
	100·00

The export of pipes is illustrated by the following table (in tons):

Destination	Exports	Per cent of total exports
Rumania	16,683	40·5
Italy	5,939	14·6
Denmark	5,901	14·5
Dutch Indies	2,547	6·2
Sweden	1,783	4·3
Other countries	8,160	19·9
Total:	41,013	100·0

Prices of foundry products remained unchanged as compared with September and were the following (in £):

commercial iron	350 + 2 per cent
hoops	422 + 2
rolled wire	397 + 2
iron plates 5 mm. and over	432 + 2
iron sheets under 5 mm.	525 + 2

Exports of rolled products, without pipes, represented 14·2 per cent of the

output, which amounted to 81,030 tons, also not including pipes. Exports of pig iron amounted during the same period to 16,921 tons, which represented 3·7 per cent of the total output.

ZINC AND LEAD

The position in the zinc industry in October was much the same as in the previous months. The output of zinc and lead ores as well as their import are given below (in tons):

	Extraction:	Imports:		
		ores gross amount	enriched ores	zinc ores
2nd sem. 1926 ¹⁾	93,348	35,262	10,940	1,216
1st quart. 1927 ¹⁾	88,500	31,760	14,668	1,096
2nd " " 1927 ¹⁾	74,083	26,335	17,016	1,221
July " 1927	85,546	29,550	20,276	1,765
August " 1927	91,470	32,930	20,893	1,487
September " 1927	99,646 ²⁾	35,870	14,322	1,145
October " 1927	97,515 ³⁾	35,200	16,357	1,813
October 1926	84,830	35,390	10,664	585

As stated in our previous report⁴⁾, Polish ore is included in the returns both in its crude and enriched form in order to facilitate comparison with the returns relating to imported ores, which are enriched.

The output of crude ores which has been on the increase for some time, declined in October by 2,131 tons or by 2·15 per cent. This is to be attributed to normal fluctuations in the output. Imports of ore rose by 17·5 per cent.

The ratio of Polish treated and untreated ores to imported material was for October 1·94, for September 2·32, August—1·47, and July—1·34.

The value of imported ores in gold francs was: in July 3,813, in August 4,592, in September 2,419, and in October about 2,800.

The average daily output of zinc and lead ores in the course of the last six months is given below (in tons):

1st quarter 1927 ¹⁾	3,539
2nd " " 1927 ¹⁾	3,154
July " 1927	3,290
August " 1927	3,539
September " 1927	3,832
October " 1927	3,750

These figures indicate that the average daily output was on the increase throughout the year, and it is only in October that it dropped slightly.

There appeared to be no reason for this drop, and it is to be anticipated that the next month will make up the difference.

In October, similarly as in September, seven mines worked under normal conditions, two others were engaged in prospecting work, while three were preparing to begin operations but produced no ores. The undermentioned statement illustrates the situation in the Polish zinc industry; it should be stated that when calculating the figures relating to output, only the workmen employed in the above mentioned nine mines, were taken into account (washing and zinc oxyde plants excepted):

	Number of mines: 1st quarter 1927 ¹⁾	Number of workmen: 1st quarter 1927 ¹⁾	Output per month (in tons)	
			of mines	of workmen
1st quarter 1927 ¹⁾	12	9	8,054	7,335
2nd " " 1927 ¹⁾	12	9	7,842	6,718
July " 1927	12	8	7,746	7,036
August " 1927	12	9	7,648	7,418
September " 1927	12	9	7,632	7,401
October " 1927	12	9	7,696	7,463

It will be seen that the output per mine is steadily though slowly increasing; this is explained by the reorganisation of the methods of working which has been recently undertaken by all the more important companies.

With the zinc and lead mines are closely connected the undertakings engaged in the enrichment of crude ore. Apart from the treatment of ore by mechanical processes in washing plants of various kinds, a flotation system is also employed. Rotary ovens for the chemical conversion of the metal into zinc oxide are also used. Zinc oxide is subsequently treated in special ovens or subject to electrolysis, so far there are in Upper Silesia two factories operating on these lines. The output of zinc oxide was as follows:

	Output (in tons)	Number of workmen employed
July	503	145
August	450	138
September	470	132
October	380	130

The work in zinc and lead foundries was carried on under normal conditions and the output showed a slight increase as compared with the previous months.

The statement given below illustrates the situation of the zinc and lead foundries (in tons):

¹⁾ Monthly average.

²⁾ Corrected figures.

³⁾ Provisional figures.

⁴⁾ See "The Polish Economist" No. 11/1927, page 449.

Output of:				
Raw zinc	Zinc sheets	Raw lead	Number of workmen employed	
2nd sem. 1926 ¹⁾	10,726	995	2,275	11,958
1st quarter 1927 ¹⁾	11,612	1,101	2,610	12,294
2nd " 1927 ¹⁾	12,569	1,315	2,347	12,711
July 1927	12,759 ²⁾	1,310	2,064	13,065 ²⁾
August 1927	12,907 ²⁾	1,514	2,368	12,928
September 1927	12,998 ²⁾	1,597 ²⁾	2,311 ²⁾	12,923
October 1927	13,169 ³⁾	1,379 ³⁾	2,278 ³⁾	12,744
October 1926	10,959	1,001	2,334	11,972

The increase in the output of raw zinc in October as compared with September amounted to 171 tons or 1.3 per cent. The production of zinc sheets declined by 218 tons or by 13.6 per cent. One of the chief causes for the decline is keen competition between the foundries and the resulting low prices which frequently prevent new orders being accepted.

The output of lead decreased by 33 tons or by 1.4 cent, which can be regarded as the result of normal fluctuations. Compared with the returns for October 1926, the output of zinc and zinc sheets showed marked increases amounting to 20.2 and 37.8 per cent respectively. The output of lead in the two periods declined by 2.4 per cent. The daily output of zinc declined from 433.3 tons in September to 424.8 tons in October, that of zinc sheets from 61.3 tons to 53.0 tons, and that of lead from 77.0 tons to 73.5 tons. It will be seen that the output of zinc despite an increase of 1.3 per cent in the monthly figure declined actually by 2 per cent on the daily average. The average daily production of lead showed also a decrease of 4.5 per cent. In October as in September zinc was produced by 14 foundries, zinc sheets by three rolling mills, and lead — by two foundries. One of the zinc foundries belonging to one of the oldest and worst equipped companies stopped operations towards the end of the month. This company is now engaged in reorganising the whole undertaking. The sales of zinc and zinc sheets were on the whole favourable despite the fact that prices on the London market assumed a downward trend. The sale of lead declined as compared with the preceding month.

Exports of zinc and lead and products thereof in September are given in the table below (in tons):

	Raw zinc	Zinc sheets	Refined lead	Value of exports (in thousands of gold francs)
1st quarter 1927 ¹⁾	9,516	834	1,631	9,583
2nd ²⁾	11,041	923	1,822	10,103
July	9,128	1,166	1,197	8,594
August	13,434	1,026	911	11,307
September	11,691	1,137	1,429	10,356
October	12,100	1,081	994	10,300 ²⁾
October 1926	10,719	1,010	975	10,325

Export of zinc in October as compared with September rose by 409 tons or by 3.5 per cent, and those of zinc sheets declined by 5 per cent. A much larger decline was recorded in the export of lead which amounted to 30.5 per cent. As regards the value of the exports, the difference was small and amounted to 0.55 per cent as compared with September.

The total value of zinc and lead exports during the past ten months was gold francs 99,526,000 as against gold francs 89,185,000 in the corresponding period of last year, the increase in this year being 11.6 per cent.

CHEMICAL INDUSTRY

THE SUPPLY OF NITRATES FOR AGRICULTURE FOR THE SPRING OF 1928. — Polish agriculture will receive for the spring season of 1928, about 80 thousand tons of nitrates, of which about 55 thousand tons will come from the Chorzów works, 25 thousand tons were bought by State Agricultural Bank from Messrs. "Fertilizer Sales Ltd." of London.

In agreement with the institutions interested in the matter, the nitrates were divided as follows (in tons):

State Agricultural Bank	14,330	2,150	16,480
Centrala Rolników	12,700	4,800	17,500
"Kooprolna"	10,050	7,950	18,000
Landwirtschaftliche Zentralgenossenschaft	6,066	4,700	10,766
Sugar Bank Ltd.	10,654	4,400	15,054
Kwilecki, Potocki & Co. Bank	1,333	667	2,000
Poznański Bank Ziemię	667	333	1,000
Total:	55,800	25,000	80,800

On the basis of the following calculations both the home and foreign nitrates will be supplied to agriculture at the average price of 1.85 per kg. of pure nitrate, franco works Chorzów or at the frontier at Zebrzydowice or Śniatyn, or f. o. r. Danzig.

The calculation was arrived at in the following manner:

55,000 tons 22 per cent Chorzów nitrates, containing	12,100,000 kg. N.
25,000 tons 19 per cent foreign nitrates, containing	4,750,000 kg. N.
Total: 80,000 tons nitrates, containing	16,850,000 kg. N.

¹⁾ Monthly average.
²⁾ Provisional figures.

Taking the Chorzów nitrates at 1.75 per 1 kg. N. = 21,175,000[—], and the foreign nitrates at 1.93475 per 1 kg. N (0.8875 sh. at the rate of 43.60 for £ 1) = 9,190,062.50 — the net value of the total quantity of nitrates will be 30,365,062.50.

The overhead expenses of this transaction will be the following (in £):

Commission, £ 18.50 per ton of nitrates	462,500 [—]
Reloading 19,000 tons at Danzig a sh. 3.5 per ton	144,970 [—]
Costs of freight to the frontier (Zebrzydowice—Śniatyn) a £ 2 per ton	12,000 [—]
Customs manipulation charge, £ 2 per ton	50,000 [—]
Stamp fee on the invoices for the foreign nitrates and on the invoices for purchasers	40,436 [—]
Stamp fee and turnover tax charges on the Chorzów price difference	33,000 [—]
Commission on credit opened	45,950 [—]
Unforeseen expences	18,581 [—]
Total:	807,437.50

Thus the total cost of 80,000 tons of nitrates will come to £ 31,172.500.

The orders from the contracting organisations must be received by the State Agricultural Bank in two lots: for the first half during the period up to November 15, 1927, and for the second during the period up to December 15, 1927.

The delivery of the 25 thousand tons of nitrates purchased abroad will probably take place as follows:

4,000 tons in the second half of November, 1927
8,000 " " December, 1927
8,000 " " January, 1928
5,000 " " February and up to March 15, 1928

This schedule may, however, be somewhat modified.

THE POLISH TANNING EXTRACT FACTORY, LTD. — This concern, with its factory in Warsaw, increased its capital from £ 360,000 to £ 600,000, by means of a 5th issue of shares at the issue rate of £ 110 per share.

"LECHISTAN" LTD. — Under the above title a new pencil factory has been founded in Warsaw. The concern proposes to produce mainly for export to the Near East, where for a long time the pencils of other Polish factories have been well known. The capital of the new enterprise is £ 270,000.

"RADOCZA" LTD. — This renowned and old established firm, manufacturing mainly explosives for mining, has lately doubled its capital having raised it from £ 1,648,000 to £ 3,296,000. The issue price per share was £ 45.

VARIOUS

SUBURBAN ELECTRICAL RAILWAYS LTD. — This enterprise, building suburban railways from Warsaw, increased its capital from £ 1,000,000 to £ 1,500,000 by the issue of a new series of shares at £ 51.50.

POLBRAZ LTD. — A special company under the above title has been founded for trade with Brasil, which is increasing at an ever growing rate. The capital of the Company amounts to £ 500,000.

¹⁾ Monthly average.
²⁾ Corrected figures.
³⁾ Provisional figures.

MOVEMENT OF PRICES IN OCTOBER.—In October there was a further increase in the volume of business transactions, although it is true that the anticipated proportions were not reached. The farmers, taking advantage of favourable weather conditions, carried on extensive land operations and in the anticipation of higher prices, marketed comparatively small quantities of this year's crops. In this connection the demand on their part for manufactured products was on a much smaller scale than was expected. It is to be hoped, however, that with increased sales of grain in the current year the purchases effected by the farmers will be carried out somewhat differently than in former years, i. e., they will be spread over a longer period. It is certain that, in general, they will be on a larger scale than in the past few years, for the situation of this section of the community, as a result of good crops and comparatively high prices for agricultural products, is exceptionally favourable.

Business was somewhat restrained due to the prevalence of stringent conditions on the money market.

As will be seen from the following comparative table, the level of prices ruling in October did not show any considerable changes (January 1914 = 100¹):

	Wholesale price index:	Retail price Index:	Cost of living index:
Jan.	112.8	147.8	116.6
Febr.	114.1	147.8	116.5
March	115.8	147.1	116.0
April	119.4	147.7	117.8
May	120.5	150.0	118.8
June	120.2	149.1	119.0
July	120.9	147.2	115.3
August	120.1 ²⁾	147.2	116.4
Sept.	119.3 ²⁾	149.6	117.2
October	119.7 ³⁾	150.0	119.0

After a continued fall during the past few months, the index of wholesale prices showed a slight increase — by 0.3 per cent, the index of retail prices by 0.3 per cent, and that of the cost of living — by 1.4 per cent.

A close analysis of the movement of wholesale prices indicates that prices of the basic groups of goods had different tendencies. Thus manufacturers rose (a rise in the index of 1.1 per cent), while at the same time agricultural products showed a downward tendency (a drop in the index of 0.8 per cent).

¹⁾ In connection with the legal devaluation of the Złoty, we give indices, for the calculation of which the prices ruling in 1914 were taken converted into the currency introduced recently. These indices are identical with the gold indices which were given previously in the second column — Ed.

²⁾ Corrected figures.

³⁾ Provisional figures.

In the group of agricultural products the tendencies are also in opposite directions: thus the prices of foodstuffs of vegetable origin, as the result of small supplies of grain and an increase in prices, showed an upward tendency (a rise in the index of 0.9 per cent), while simultaneously a considerable decline was recorded in the case of foodstuffs of animal origin (decline by 3 per cent); the latter is accounted for by the fall in prices of cattle and other meat products.

In the group of manufactured articles, prices of timber rose considerably, by 8.2 per cent, as a result of large purchases being effected by exporters. Figures for textile articles rose by 0.4 per cent, the increase which took place, despite a fall in prices of the basic raw materials — wool and cotton, being caused by the brisk demand for fabrics. This fact is indicative of an improvement taking place in the situation of the textile industry.

Prices of coal rose slightly — by 0.1 cent; metals, on the other hand, declined by 0.5 per cent, mainly owing to the decline in the quotations for zinc and lead. The remaining group — various, showed an increase in the index amounting to 1 per cent, which is to be ascribed to the rise in prices of leather. Finally, groceries which are not embodied in any basic group, appreciated in value by 0.5 cent.

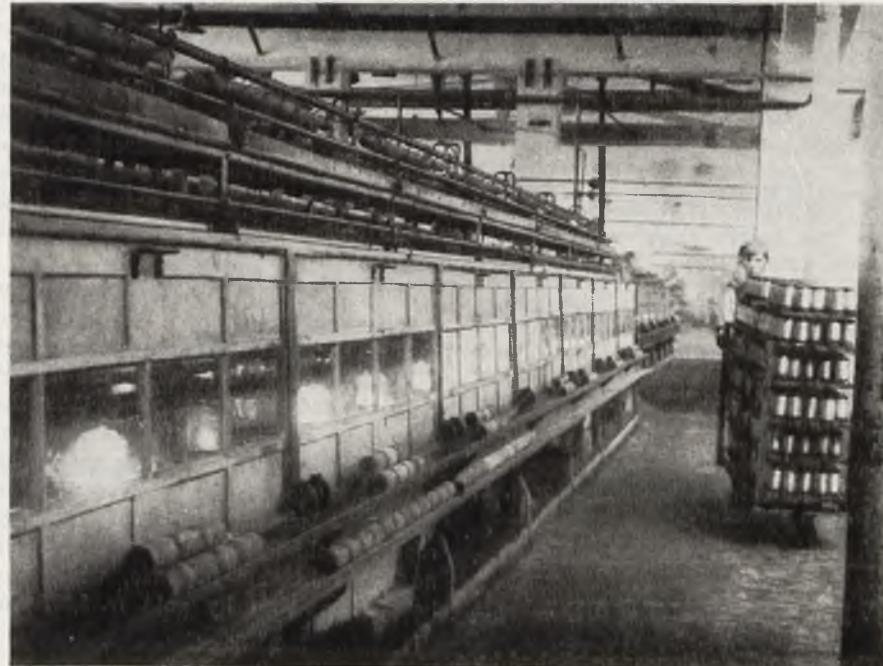
The increase by 0.3 per cent in the index of retail prices was a sequence to the increase by 1.8 per cent of the prices of manufactured products, for which, as already stated, the demand on the part of the rural population augmented considerably. At the same time retail rural prices of agricultural products declined by 1.3 per cent.

The index of the cost of living rose by 1.4 per cent, due chiefly to the rise in the prices of foodstuffs (by 0.6 per cent), of footwear and clothing (by 2.6 per cent), and of fuel (by 2.7 per cent); prices for the remaining commodities fell by 0.1 per cent. Rent remained unchanged.

It is worthy of note that in October, which is the month of the final stabilisation of the Polish currency, the index of wholesale prices was lower by 12.8 per cent, that of retail prices — by 15.6 per cent, and that of the cost of living — by 17.9 per cent than in the period immediately preceding the fall of the Złoty, i. e., the first half of 1925.

FAIRS AND EXHIBITIONS

PARTICIPATION OF THE POLISH STATE RAILWAYS IN THE CHICAGO TOURIST EXHIBITION.—The Polish State Railways are taking part in the Chicago Exhibition, which



ARTIFICIAL SILK WEAVING SHED AT THE TOMASZÓW FACTORY
(PHOT. S. PLATER)

takes place in the second half of November.

The delivery and arrangement of the exhibits will be carried out by the American-Polish Chamber of Commerce and Industry in Warsaw.

The small amount of space available made it necessary to limit the number of exhibits. Nevertheless, a good idea is given of the state of the Polish railway and aerial services, and the part they play both in direct communication from European and American countries to Poland, and in transit service through Poland from the more important ports and cities of Western and Southern Europe to North-Eastern, Central and Southern U. S. S. R., as well as to Asia, Siberia, the Far East, China, Japan, Turkestan, Turkey, Persia and India.

Graphs and maps illustrate the railway and air connections, and their development in the last years; they prove that the Polish State Railway tariffs are the lowest in Europe, though the railways equal in passenger comfort any of the other European systems, and are run with absolute punctuality.

An illustrated Railway Guide, published in Polish and English by the Ministry of Communications, is distributed at the Exhibition.

In the general hall a film, giving views on the Polish Railway System, is shown.

"THE POLISH ECONOMIST" AT THE CHICAGO TOURIST EXHIBITION.—Our Monthly will be represented in the Polish Pavilion organised at the Chicago Tourist Exhibition. Visitors will find there specimens of our publications and also large artistic photographs illustrating some of the more important phases of the economic life of Poland, &c. &c.

PARTICIPATION OF POLAND AT THE SMYRNA EXHIBITION.—An exhibition was opened in Smyrna (Turkey) on September 8, 1927. Home products were chiefly exhibited, nevertheless, there were shown a number of foreign exhibits of which the Polish were the most important. They included textiles and agricultural machinery produced by Messrs. "Unia" of Grudziądz, represented in Smyrna by Messrs P. Aslan & Fils. The textile show, well arranged in two large rooms, contained the exhibits of over twenty Łódź firms and was especially adapted to local taste and requirements. The best presented exhibits were from the firms: Krusche & Ender, Herman Faust, Piesch, Ltd., Ludwik Geyer, and the Export Association of the Polish Textile Industry.

A favourable factor to the Polish industry is the weakening on the Smyrna market of the strongest competitor, i. e., the Italian industry.

FOREIGN TRADE

The October figures published by the Chief Statistical Office show a very considerable expansion of trade. Imports

rose by gold fr.* 24,050,000 to gold fr. 151,149,000; exports increased by gold fr. 18,655,000 to gold fr. 137,742,000. The increase in imports was 19 per cent, and in exports 16 per cent, thus the balance of trade was unfavourable to the extent of gold fr. 13,407,000, or greater than in September by gold fr. 5,395,000. It is worthy of note that the value of exports in October was greater than in any month yet recorded.

The increase of imports was centred in two large groups—foodstuffs and textiles. In the foodstuffs group the increase of wheat imports was to a certain extent a surprise; the import of maize was also considerable, while that of the remaining cereals and rice was small, as usual at this time of the year.

Of the remaining foodstuffs, there were large imports of edible oils and fats as also, though to a lesser degree—tea, cocoa and coffee, fish and tobacco.

The import of textiles increased by gold fr. 8,329,000 of which amount over gold fr. 6 million was accounted for by raw materials: jute by gold fr. 521,000, cotton by gold fr. 3,589,000 and wool by gold fr. 2,136,000. The import of cotton fabrics and yarns remained slight; the import of semi-finished materials and silk and woolen products amounted to a total of gold fr. 2,000,000.

Beside the increase in the two largest groups, the metallurgical and machinery also showed increases. The import of metals and metal products (without ores) increased by gold fr. 1,714,000, of which gold fr. 1,013,000 falls to scrap iron. Of the remaining metals, the import of iron manufactures showed no tendency to rise, while there was an increase in the import of tools, copper and copper alloys, tin, and products thereof. The import of electrical appliances and vehicles, machinery, of which the largest item was textile machinery, rose by gold fr. 1,908,000.

The remaining import groups show small changes, generally on the side of increase. In the ore group, the import of iron ores fell off, while the import of zinc and lead ores rose. Also the import of inorganic chemicals diminished, while that of the organic increased.

Exports were much more varied. In the first place the exports of foodstuffs rose by gold fr. 5,508,000; cereals have no share in this increase, while the bean group rose by gold fr. 2,078,000;

the export of potatoes, begun in this month, gave an increase of gold fr. 2,263,000, and to this sum there is added the rise of potato flake export by gold fr. 366,000, and that of potato flour and starch by gold fr. 1,453,000. The export of meat rose by gold fr. 629,000, hops by gold fr. 1,735,000. Finally, there was an increase of gold fr. 3,302,000 in the export of sugar, though this was from last year's stocks and not from this year's production. Other foodstuffs showed a decrease: eggs diminished by gold fr. 4,048,000, and fodder by gold fr. 1,848,000. These changes are of a seasonal nature, and the same is true of the export of live animals, which rose by gold fr. 3,723,000.

Coal exports are different. During the last two months they remained practically at about 1,025,000 tons per month. For the last month, however, a portion of the necessary data did not arrive in time for publication with the result that in that month the export appeared at less than the actual value, while in October the statistics show more than the real export.

The exports of petroleum products have declined for a number of months, but in October they rose by gold fr. 1,764,000, of which gold fr. 858,000 falls to the increase in paraffine wax. For the time being, however, there cannot be expected any steady improvement in this division. On the other hand, the export of metals and metal products, which has been considerably more favourable in the present year, after a temporary fall in September, again showed an increase of gold fr. 1,638,000, which was higher than the August level; the greatest rise was in every kind of iron and steel, and pipes.

Lastly, there was a slight increase, by gold fr. 719,000, in the export of textiles which, however, have not yet attained the August level.

The largest group as regards value, the timber group, kept to the former figures, with even a slight increase. There was greater activity in sleepers, the exports of which played a very important part in the years 1923/25, but, during the last years, has greatly declined. Of the less important items, there was an increase in the export of clothing and haberdashery; there is little hope for further improvement in this export. Other export groups showed no interesting changes.

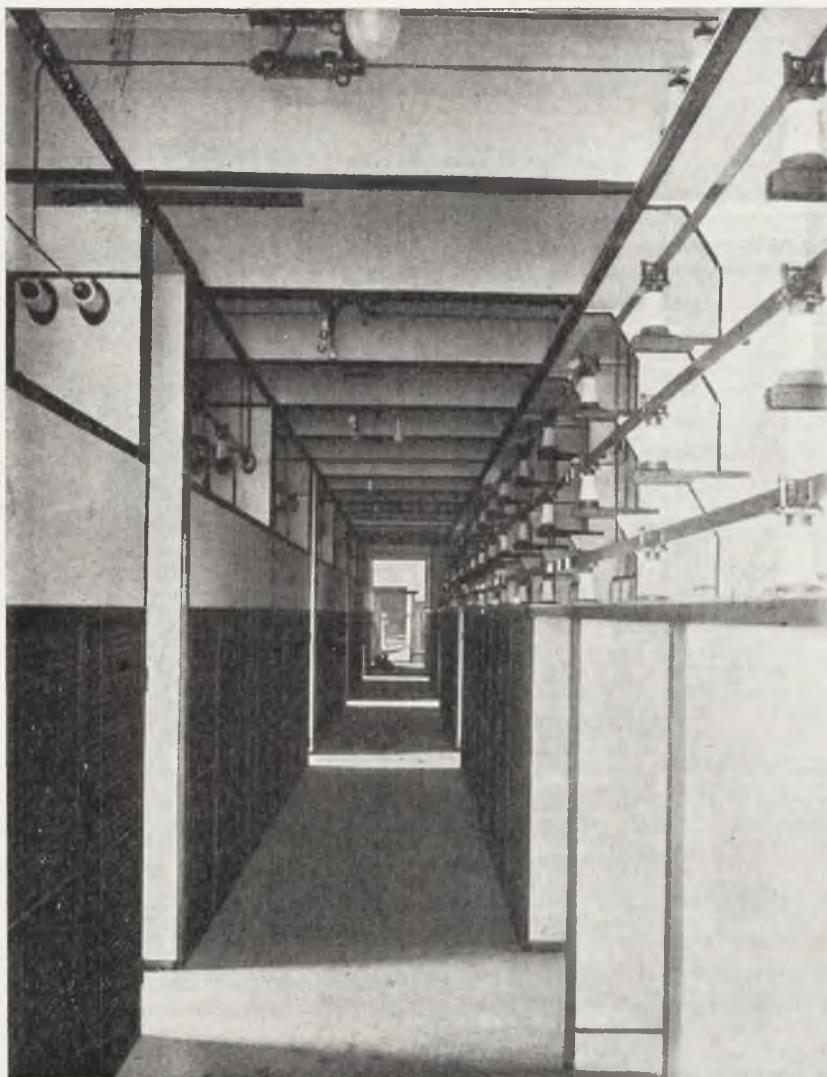
Examining the import data for October, attention is again called to that characteristic feature which has been

**In view of the currency reform, to avoid confusion, the term "gold Złoty" is replaced by the expression "gold franc" — Ed.*

I M P O R T S

E X P O R T S

G O O D S	January-Oct.				Oct.				G O O D S	January - Oct.				Oct.				
	Oct.		1927		1927		1926			1927		1926		1927		1926		
	Volume — in tons				Value — in thousands of gold fr.					Volume — in tons				Value — in thousands of gold fr.				
TOTAL:	389,439	4,127,068	1,923,288	151,149	1,364,297	697,346			TOTAL:	1,993,261	17,057,835	17,975,218	87,742	1,189,884	1,055,558			
Foodstuffs	46,741	842,105	189,642	25,828	320,522	119,285			Foodstuffs	109,055	710,103	1,164,580	81,421	279,565	302,808			
including:									including:									
wheat	12,086	237,123	4,588	3,375	72,801	1,289			wheat	553	5,789	49,762	166	1,810	13,110			
maize	6,354	124,861	17,038	1,102	20,987	2,697			rye	857	6,420	212,760	229	1,765	37,401			
rice	3,619	56,369	25,762	1,440	22,879	10,471			barley	7,266	48,952	122,078	1,632	11,597	21,810			
nuts almonds and spices	464	3,115	2,180	1,031	6,482	4,360			oats	519	6,637	62,180	120	1,495	10,532			
tea	175	1,715	1,501	816	8,460	7,122			peas and beans	7,808	19,613	32,342	3,120	7,102	8,580			
cocoa	458	4,186	2,758	895	7,880	4,334			potatoes	48,641	109,114	70,005	2,286	6,584	2,732			
coffee	652	5,713	5,328	1,528	14,850	14,491			potato flour and starch	4,017	5,284	20,159	1,512	1,946	4,982			
fish and herring	6,634	61,936	45,270	2,919	23,156	16,071			sugar	11,521	134,124	174,574	3,991	52,175	52,917			
edible fats of animal origin	2,815	13,154	5,661	4,340	20,517	9,656			meat	1,252	23,219	29,629	1,728	31,405	29,497			
edible fats of vegetable origin	1,664	9,726	6,037	1,767	11,585	7,485			butter and cheese	910	7,652	6,773	2,815	20,955	14,286			
tobacco	1,409	13,830	11,394	1,685	16,763	20,332			eggs	4,019	61,600	52,577	7,943	89,857	66,086			
Live animals (head)	4,444	214,655	25,228	518	2,657	138			hops	461	953	399	2,816	6,334	2,523			
Animal products	3,120	32,774	19,478	11,902	100,519	48,140			forage	12,092	237,450	255,916	1,437	34,048	21,490			
including:																		
dried skins	1,673	18,550	8,788	2,970	30,400	11,568												
tanned hides	498	4,916	5,154	5,076	43,405	25,264												
furs	43	204	109	1,585	8,518	2,943												
Timber and wood are	1,316	17,919	16,525	623	6,704	3,002												
Plants and seeds	1,710	28,025	15,501	1,150	15,384	8,985												
Building materials, minerals, ceramic products; glass	103,291	876,383	705,420	3,201	26,614	12,997												
including:																		
ceramic products	10,541	90,764	39,605	1,206	10,903	4,129												
Fuel and petroleum products	31,393	195,105	99,638	945	7,339	3,496												
Rubber and rubber products	358	2,880	1,155	2,484	18,289	8,498												
Chemicals	30,331	567,816	248,485	12,971	127,562	77,968												
including:																		
vegetable fats	2,560	20,117	14,540	2,471	19,805	14,602												
animal fats	2,232	15,177	11,313	1,975	14,061	10,900												
tanning materials	2,478	15,812	14,623	1,501	8,659	7,304												
dye stuffs (synthetic)	122	810	295	1,297	7,917	3,132												
Ores, metals and metal products	136,250	1,328,473	485,229	14,892	135,304	55,063												
including:																		
iron ores	57,653	583,254	208,223	1,448	11,375	4,874												
zinc	16,357	166,912	75,881	2,414	25,336	11,209												
scrap iron	43,071	438,828	102,193	3,296	29,464	4,423												
copper and copper products	692	6,629	2,890	993	11,104	4,932												
Machinery, electrical wares, means of communication	8,140	61,124	32,908	22,180	169,722	77,402												
including:																		
motors	535	3,306	2,108	1,300	7,789	3,723												
electrical machinery	178	1,838	1,163	901	8,618	4,200												
timber and metal working machinery	444	3,146	1,162	909	7,544	2,485												
textile machinery	1,337	7,048	1,493	3,680	21,562	4,855												
agricultural machinery	994	8,728	3,597	1,892	16,960	6,388												
boilers and heating appliances	516	3,533	2,709	1,147	9,062	4,884												
electrical appliances	1,326	12,043	8,091	4,168	33,793	20,298												
motor cars	601	5,620	1,763	2,583	23,194	7,508												
Paper, books, and pictures	8,232	67,028	32,285	5,585	42,647	21,439												
including:																		
waste and rags	3,429	30,026	18,386	2,004	16,814	9,475												
paper and paper wares	3,183	23,147	9,006	2,205	15,996	6,838												
Textiles and textile products	12,256	111,193	76,080	43,280	353,510	236,038												
including:																		
jute	1,775	17,421	8,563	1,434	13,922	10,052												
cotton	7,482	65,287	51,629	18,552	135,015	125,837												
cotton yarns	239	2,659	1,380	2,137	21,241	11,026												
" fabrics	155	1,314	834	2,171	17,937	11,121												
wool (combed incl.)	1,587	16,454	9,609	9,403	93,973	48,537												
" yarns	341	2,249	637	4,341	29,281	7,675												
" fabrics	63	447	255	932	6,386	3,455												
silk fabrics	18	152	89	1,969	15,879	8,438												
Clothing and fancy wares	108	758	786	2,457	16,298	14,739												
Various	174	1,493	882	3,124	21,349	10,156												
Imports									Exports									
January-Oct.									January - Oct.									
Oct.	1927								Oct.	1927								
1927									1927									



A VIEW OF A PORTION OF THE WARSAW ELECTRIC POWER STATION (PHOT. J. MALARSKI)

mentioned in these pages for several months back: namely — the productive nature of the majority of the positions which show a rise. A few examples are given below by way of illustration.

The import of leather and footwear in the 10 month periods for the last three years was as follows (in tons):

	January — October:		
	1925	1926	1927
raw hides	6,289	8,788	18,550
tanned hides	6,378	5,154	4,916
leather footwear	1,096	156	206

The dividing line between imports of raw materials and finished articles stands out so clearly, that there is no need of comment. The same tendency, though less emphasised, is still more clearly seen in the following statement of the textile and clothing group (in tons):

	January — October:		
	1925	1926	1927
cotton	65,287	51,629	48,208
" yarn	2,659	1,381	1,626
" fabrics	1,314	834	4,858
wool	14,701	9,088	10,817
" combed	1,753	531	846
" yarn	2,249	636	1,037
" fabrics	447	255	606
clothing and fancy ware	391	613	1,886

The tendencies of development mentioned above do not appear marked; but the strong and constant growth of raw material import and the lessening of the import of finished articles, is incontestable. A certain increase in the import of fabrics is not important, for the amounts are not large, and in 1927 are much smaller than in 1925.

There is hardly room to include similar tables for all the import groups, and therefore there will only be given the data for the ore and scrap iron imports, and certain agricultural

adjuncts, machinery and artificial fertilizers — will be discussed.

The imports of ores and scrap iron were as follows (in tons):

	January — October:		
	1925	1926	1927
iron ores	256,812	218,223	583,254
scrap iron	138,636	102,193	438,828
lead ores	7,406	6,431	13,172
zinc ores	26,874	75,881	166,912

The state of the foundry industry is everywhere regarded as one of the most reliable indices of the economic condition of the country. Therefore the above data take on special importance.

On the other hand, for an agricultural country the amount of artificial fertilizers used is of primary value. Without going into the great progress made in the country in this branch of production, there are given below the data for the more important fertilizers (in tons):

	January — October:		
	1925	1926	1927
phosphorites	81,293	61,042	166,578
potassium salts	74,494	18,270	76,895
Chilian saltpetre	56,712	21,217	33,854
basic slag	99,779	64,804	161,217

Finally, there is given a statement of the import of machinery and electrical appliances and, in view of the variety of different articles, in place of tonnage there is given the value (in thousands of gold fr.):

	January — October:		
	1925	1926	1927
machinery and apparatus including:	104,352	40,752	86,305
power engines	7,789	3,723	5,918
electrical machinery	8,618	4,200	5,259
machine tools	7,544	2,485	9,186
textile machinery	21,562	4,855	18,751
agricultural machinery	16,960	6,388	10,652
boilers, and heating appliances	9,162	4,884	5,652
electrical appliances	33,793	20,298	25,270

All the above examples testify to the healthy nature of the development of imports to Poland. It is interesting to compare the data for 1925, when, during 10 months, the total value of imports was gold fr. 117 million greater, for which sum articles of consumption were largely responsible, while in the present year the import of raw materials and machinery is higher.

The development of exports is not so uniform. An important part thereof are cereals, beans and peas, which are dependent on the harvest. For this reason it is important to direct agricultural exports in a way which will make it independent of crops. The results hitherto obtained, though good, cannot be declared decidedly favourable, as is shown in the following statement (in tons):

Foodstuffs:	January — October:		
	1925	1926	1927
sugar	112,375	174,574	134,124
meat	30,819	29,629	23,219
butter	370	5,036	6,298
eggs	23,022	52,577	61,600

Live animals (head):			
pigs	673,963	524,512	620,181
Plants and seeds:			
seeds of grasses and fodder plants	26,513	33,594	35,967

There is, however, an enormous increase in the export of timber materials (in tons):

	January — October:		
	1925	1926	1927
timber and wood ware	2,624,693	4,155,880	5,491,219
including:			
pulpwood	506,749	933,265	1,042,151
pit props	254,879	709,139	932,535
logs and stems	407,483	706,977	1,308,054
deals, boards and battens	985,430	1,258,306	1,701,435
sleepers	302,817	282,735	191,615

Furniture and veneers, although as yet of little importance, also show an increase in export, while coopers' ware shows a falling off. The most important symptom is the increase of sawn timber export, which is constantly developing.

The situation of coal and petroleum exports, treated elsewhere, will not be reviewed in these columns. Since, however, there has been discussed also the development of ore import, below is given a statement of the growth of export of the more important finished and semi-finished metal products (in tons):

	January — October:		
	1925	1926	1927
pig iron	975	13,329	15,183
rails, iron and steel	40,225	11,833	41,254
iron and steel sheets	20,946	18,048	41,535
pipes	16,687	20,840	31,870
zinc	55,457	94,044	106,435
zinc sheets	23,971	6,589	10,402

The following are the figures for the export of textile manufactures (in tons):

	January — October:		
	1925	1926	1927
cotton yarn	1,242	2,160	1,333
" fabrics	4,263	3,589	4,935
wool yarn	1,213	1,255	1,209
" fabrics	532	591	568

The above statements, taken from varied branches of production, indicate that although there has been a great improvement effected in export, yet there can be found cases of an unfavourable nature such as the fall in the export of meat and of zinc sheets, and the slight development of that of textiles.

After the permanent stabilisation of the Polish currency, the country need not fear a passing unfavourable balance of trade, as its powers of resistance will increase as the improved economic conditions permit reconstruction and extension of the units of production.

So long as the present line of development of importation is maintained, or the productive character thereof further emphasised, it will be difficult to impede it, especially as economic life will require its constant increase. Poland, therefore, must direct its attention to the extension of its export trades. The steps are already taken, such as the foundation of the Export Institute, and the efforts made for the standardisation of a series of important export articles.

of June 26, 1924, which reads as follows:

§ 1. — Items 37 (p. 4, let c, remark 44), 115 and 139 p. 3 of the Customs Tariff of June 26, 1924 ("Dz. Ust. R. P." No. 54, item 540) are to read as follows:

Item of the ^a customs tariff	Denomination	Duty per 100 kg. in X
37 p. 4	Herring:	
c)	smoked and baked	
	I smoked — gross	20.—
	II baked — gross	50.—
44	Remark: The import of sera contained in p. 4, and also their freeing by permission of the Minister of Finance	
115	Ethers, esters, collodion, chloroform, chloral:	
	1) ether (sulphuric), together with weight of packing	270.—
	2) ethyl chloride, together with weight of packing	500.—
	3) collodion, chloral, chloroform, together with weight of packing	360.—
	4) ethers and esters for medicinal and industrial purposes (except the above mentioned), non-alcoholic, together with weight of packing	210.—
139 p. 3	Ferrosilicon containing:	
a)	15 per cent Si and less	14.—
b)	over 15 per cent Si	14.—

§ 2. — The present decree comes into force on the fourth day after its publication.

§ 3. — During 15 days from the date of publication of the present decree, the duty hitherto in force will be charged in the case of goods which:

a) were dispatched to the Polish customs territory by rail, sea or mail, at the latest on the day before the publication of the present decree, or

b) were on the day of publication of the present decree, stored on Polish territory in the State Railway, postal or private bonded warehouses.

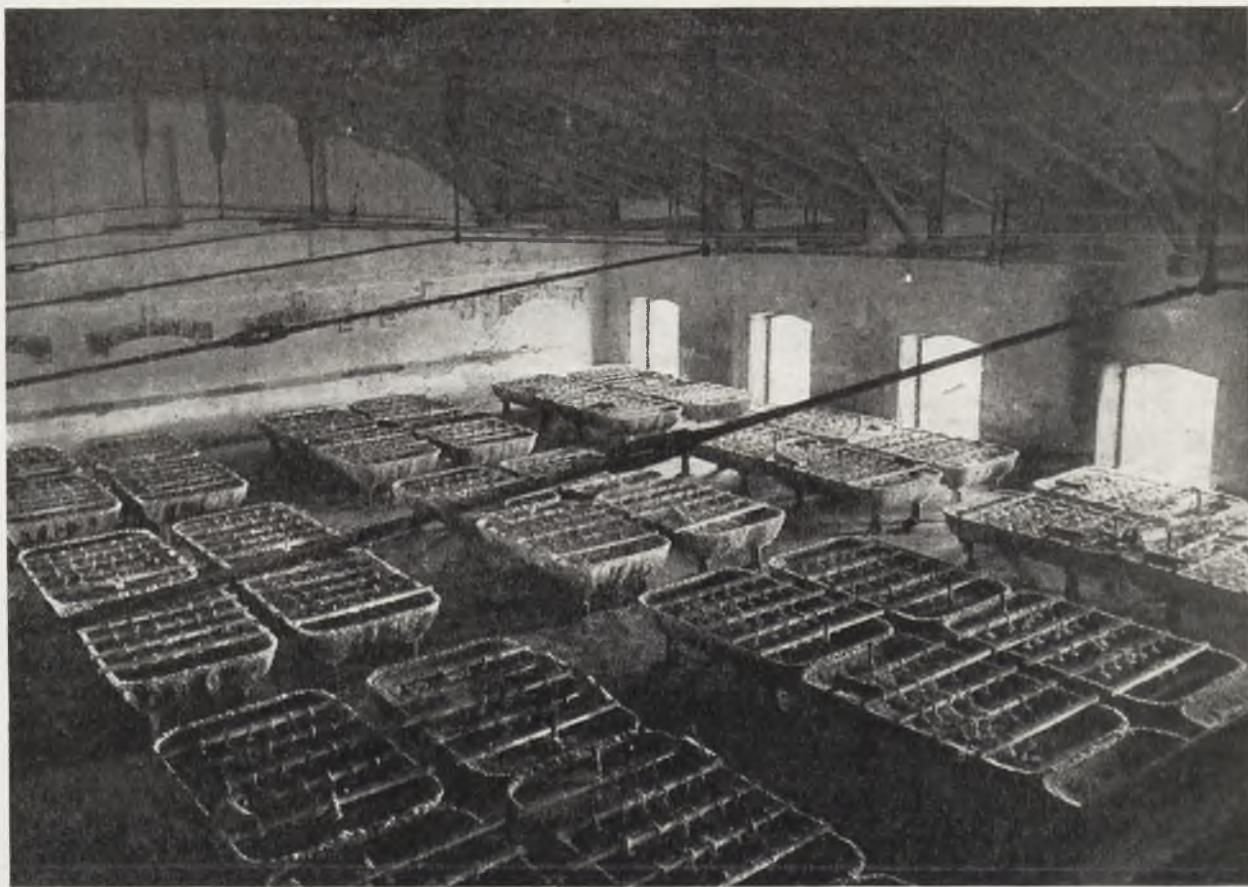
CHANGE IN THE CUSTOMS TARIFF REGARDING DUTIES ON VEGETABLE OILS. — Pt. 7 of item 117 of the Customs Tariff differentiates between the oils detailed therein, depending on their use, as edible oils, contained in let. b, having a maximum content of free fatty acids of 3 per cent, and as technical oils contained in let. a, with a content of these acids of over 3 per cent.

In order to circumvent the high duty for edible oils (X 40 per 100 kg.), these oils are generally ordered with a specified content of free fatty acids, which as a rule exceeds the 3 per cent by 0.2 per cent.

The former tariff established a maximum content of 1 per cent free fatty acids for edible oils. However, as these oils were constantly imported with a content of 1.1 per cent or 1.2 per cent, the maximum content was raised by a decree of October 30, 1925 ("Dz. Ust. R. P." No. 113, item 800), to 3 per cent. Even this high percentage did not stop the sellers and buyers from falsification by the artificial addition of free fatty acids to above 3 per cent, in order that they might pass in the lower technical oil category, paying only X 5 per 100 kg., and this was done in spite of the evident injury which would result to health.

CUSTOMS DUTIES AND FOREIGN TRADE REGULATIONS

CHANGES IN CERTAIN CUSTOMS DUTIES. The Ministers of Finance, Industry and Commerce, and Agriculture will issue shortly a decree regarding a partial change in the Customs Tariff



SODA CRYSTALLISATION TANKS AT THE SOLVAY WORKS NEAR KRAKOW
(PHOT. S. PLATER)

The difficulty of combating the use of these injurious oils by the manufacturers of artificial butter, once they reach the open market, also the losses borne by the Treasury by reason of the lower duty paid by these oils -- caused the Treasury to prepare a new Presidential decree amending item 117, pt. 7 of the Customs Tariff, with a remark, admitting the import of vegetable oils containing over 3 per cent free fatty acids only if they are denatured. The denaturation, having no effect on the use of the oils for technical purposes, would absolutely prevent the use of the oils for the manufacture of foodstuffs.

The new decree which appeared in "Dz. Ust. R. P." No. 101 item 812, reads as follows:

"Item 117, pt. 7, let. a of the Customs Tariff is amended by the following remark:

The vegetable oils described in the present pt. (7), let. a, which are liquid at 15° C, may be imported into the Polish Customs Territory only in a denatured state.

As means of denaturation the following shall be considered: oil of rosemary, turpentine or other agent approved of in advance by the Treasury, used in a suitable quantity (about 0.5 per cent), so that the presence of the denaturator might be detected in the denatured oil.

Factories employed in the refining of oils may import oils which are not denatured, but the consent of the Minister of Finance must be obtained each time.

The list of refineries given the right of importing vegetable oils which are not denatured, will be drawn up by the Minister of Finance in agreement with the Ministries interested in the matter.

Special customs control will be carried out over the use made of oils imported without being denatured.

The charge for the control will be fixed by the rate established in § 2, pt. 3 b of a decree of July 17, 1926 ("Dz. Ust. R. P." No. 74, item 426).

The present decree comes into force 15 days after its publication".

REFUND OF DUTY WHEN EXPORTING DYES AND LATHES. — Two decrees of the Ministers of Finance, Industry and Commerce, and Agriculture were published regarding the refund of duties: in the one case applying to the export of dyestuffs ("Dz. Ust. R. P." No. 91, item 820), and in the other to the export of metal and wood turning lathes ("Dz. Ust. R. P." No. 91, item 819). The refund has been fixed at $\text{X} 100$ per 100 kg. of exported dyestuffs and $\text{X} 20$ per 100 kg. of exported lathes.

The refund itself will be made in both cases against "export receipts", issued for each case by the proper customs authorities on the basis of certificates from the "export associations". The list of export associations, authorised to issue such certificates, will be drawn up by the Minister of Finance in agreement with the Minister of Industry and Commerce and published in the "Monitor Polski". Export receipts are made out to bearer, and are valid for nine months, and may be used for the payment of customs duty on any

goods imported from abroad in any office authorised to issue these receipts. The above decrees come into force on 28th October, 1927.

The term of the validity of the decrees has been fixed at 6 months. Their prolongation may take place only after an analysis of the results from the point of view of an augmentation of exports of the above mentioned goods, due to the refund of duty.

CUSTOMS REBATE ON NITRATES. — By a decree of October 29, 1927 ("Dz. Ust. R. P." No. 97, item 857), nitrates, contained in item 103, pt. 5, of the Customs Tariff, were freed from duty. The exemption does not apply to countries liable to the maximum tariff foreseen in the decree of August 11, 1927 ("Dz. Ust. R. P." No. 74, item 651).

The nitrates duty exemption decree will remain in force until June 1, 1928, and was caused by the insufficient home production of nitrates.

TRANSPORTS

RAILWAY TRAFFIC IN OCTOBER. — October, as usual, brought a sudden augmentation of the transports on the Polish State Railways. The traffic rose from a daily average of

17,004 15 ton goods waggons in September, to 18,901 in October, or by 1.2 per cent. The increase was caused by the transport of agricultural products, particularly for short distances, yet the traffic was so great and the demand for freight waggons so large that there was a certain shortage of cars.

In comparison with October 1926, the average daily movement of goods waggons in use rose by 1,773 or by 100 per cent.

The average daily supplies of 15 ton waggons in October 1927 were as follows:

	September	October
loaded on the Polish State		
Railways:		
destined for local stations	11,734	13,738
destined for abroad	3,545	3,401
total:	15,279	17,137
received from abroad	594	616
transit via Poland	1,131	1,148
Total:	17,004	18,901

It is seen from the above statement that the loadings on the State Railways greatly increased, i.e., by a daily average of 1,858 freight waggons. This resulted from an increase of home transports by 2,002 and a decrease of foreign transports by 144. Freight waggons received from abroad and in transit increased slightly, by a daily average of 22 and 17 respectively.

The following statement illustrates the daily average car-loadings of the different groups of merchandise dispatched to local stations (in 15 ton waggons):

	September	October
coal, coke and briquettes	3,373	3,418
crude oil and petroleum products	150	230
timber	885	855
agricultural products	1,148	3,199
raw materials and industrial products	2,404	2,095
miscellaneous	3,774	3,939
Total:	11,734	13,736 ¹⁾

This statement emphasises the sudden increase of agricultural transports, in comparison with September, though during that month these transports, in view of the completion of the harvest, were already considerable. The increase in October was by 2,051 cars per average day, or by 178 per cent, due to the increase of sugar beet transports (from a daily average of 133 to 1,763 cars), and those of potatoes (from 124 to 534).

Of the remaining goods, there was relatively a considerable increase of loadings of petroleum and its products by 80 freight waggons per average day, and a slight rise in coal -- by 45.

A somewhat larger decrease was shown in the loadings of raw materials and industrial products, by 309 goods waggons per average day, caused by the seasonal cessation of the use of

artificial fertilizers and several other industrial products; the loadings of timber also decreased by a daily average of 30 cars, and the "various" by 347.

The following statement gives the daily average number of cars dispatched to foreign countries (in 15 ton waggons):

	September	October
coal, coke and briquettes	2,271	2,179
crude oil and petroleum products	44	45
timber	907	749
agricultural products	92	71
miscellaneous	231	357
Total:	3,545	3,401

There was a considerable increase only in the last group, the "miscellaneous", by 126 goods waggons per average day; the daily average dispatches of the remaining group decreased: timber by 158, coal by 92, and agricultural products by 21 freight waggons.

A NEW AMENDMENT TO THE RAILWAY FREIGHT TARIFF. — On November 6th there was introduced Amendment VI to the Railway Freight Tariff. The following are the more important changes and extensions contained therein.

A note was introduced stating explicitly that the methods of calculating the rates for differently tabulated goods forwarded together, which is foreseen in the Tariff, only applies to consignments calculated according to normal categories. The special tariffs establish the various cases under which they can be employed and are for the purpose of promoting larger transports (whole carloads or trainloads) so that the joining together of small quantities of goods differently rated is excluded from the possibility of being calculated according to the different special tariffs. Exception is made only in cases of consignments of goods tabulated in the same special tariffs as, for instance, petroleum products.

In view of the constant increase in the use of tank-cars for the transport of live fish, there is introduced the simplified calculation of two twelfths of the loading capacity of the car, thus eliminating the necessity of weighing the car, and taking into account the necessity of carrying water together with the fish.

In order to reduce the transportation cost of small consignments of gunpowder and cartridges for hunting, the minimum quantity for which a rate is quoted, was reduced from 500 kg. to 100 kg.

As a further facility for the return of private empties, there has been introduced for the express freight service a rate according to class VII, based on the weight of the freight wagon and calculated at a fixed price of 20'30 per wagon per kilometre.

In the special tariffs a 10 per cent reduction is made for consignments of timber in whole train loads of at least 500 tons to saw-mills, wood-working factories and dry-distillation works.

Facilities are granted for the transport of coal and coal dust to the State Powder Plants and Arsenals. The size of the coal dust is increased from 5 to 10 mm.

A reduction of 20 per cent is granted for the transport consignments of at least 300 tons of zinc ores to washeries.

A new special tariff No. XXX is introduced for transport of fruit and berries to home fruit wine factories.

Rates for consignments of flour and potato syrups over long distances and destined for export are reduced.

There is introduced into the Special Tariff No. XXXII the expression "rolling mill", for the purpose of drawing attention to the fact that rolling mills which are not foundries may utilise this special tariff for consignments of zinc sheets.

CONFERENCE OF THE POLISH-GERMAN RAILWAY ASSOCIATION. — On October 28 and 29 a Conference of the Polish-German Railway Association was held in Lwów, at which were present representatives of the Czechoslovakian, German and Polish railways.

Complete agreement was reached on the question of new tariffs to be published for freight communication between Poland and Germany, whether by direct route or by transit through Czechoslovakia and Austria. Detailed discussion took place on the goods to be included in the new tariff and it was decided that by the end of December the two countries should prepare and interchange a list of the goods which it would be to their special interest to have included.

Further, station charges were discussed, and it was decided that each of the terminal countries should reduce its station charges by equal amounts for normal tariffs and by 2 German Pfennigs for special tariffs, should these be employed by both sides in calculating the tariff.

As the question is being decided in this manner, it will bring about a reduction in the cost of transportation, and will equalise the charges of the two parties to the Polish-German Railway Association.

In addition, the Statutes for the Polish-German Railway Association were drawn up.

CHANGES IN THE POLISH-RUMANIAN RAILWAY TARIFF. — On October 18th-20th, there was held at Bucarest a Polish-Rumanian Railway Conference for the purpose of introducing changes and amending the obligatory Polish-Rumanian freight tariffs.

The changes agreed to at this Conference: i.e., the reduction of the minimum tobacco transport from 200 tons to 100 tons, the 20 per cent reduction for the transit of railway material through Rumania, &c. — came into force on November 1, 1927.

The discussions regarding tariff reduction for the transit of other products through Rumania, resulted in nothing positive, as the Rumanian Government

¹⁾ Together with the loadings effected in Danzig.



A NEWLY RESTORED RAILWAY BRIDGE ON
THE BUG RIVER

put forward general demands of an economic and customs character, especially asking import concessions for Rumanian fruit and wines, in exchange for granting the tariff reductions
Finance

PASSENGER SERVICE TO RUSSIA AND THE FAR EAST. — On November 1, 1927, the through tariff for passenger and luggage transportation between the stations of the Polish State Railways and those of the U. S. S. R., came into force.

The Polish State Railways transport passengers with through 2nd and 3rd class tickets, and luggage with through transport certificates, via the following frontier points: Zahacie, Olechnowicze, Stołpce, Mikaszewice, Zdołbunowo (Mohylany) and Szepietówka.

Through tickets will be issued via the frontier station Stołpce between the Polish stations: Wilno, Białystok, Baranowicze, the Warsaw Central Station, Łódź, Poznań, Dziedzice, Kątowice, Bielsko, Kraków and Lwów, and the U. S. S. R. stations: Minsk, Moscow, Leningrad, Orenburg, Saratow, Tashkent, Nowosybirsk, Manchuria and Vladivostok (through Moscow). The tickets are valid for express trains over the whole journey. These trains connect directly at Warsaw with the trains of Central and Western Europe, i. e., those running from London, Ostend, Brussels, Paris, Berlin, Prague, Pilzno, Vienna, Rome and Basel.

By the inclusion into this service of the Vladivostok and Manchurian stations, passengers may enjoy the shortest route by express trains to the Far East.

Between the above Polish stations and the U. S. S. R. stations: Charkow, Odessa, Symferopol, Rostow-on-Don, Dniepropetrowsk and Tiflis, the Polish State Railways transport passengers and luggage via the following frontier

points: Zdołbunowo, Mohylany and Szepietówka.

The three remaining frontier points will be used chiefly for local communication.

When consigning luggage, the sender is required to declare its value in Dollars, as the U. S. S. R. railways are responsible for luggage transported over their territory up to the amount of the declared value.

The tariff rates are given in Dollars, but are payable at Polish stations in Złoty.

The through tariff may be obtained from all State Railway offices.

PORT TRAFFIC IN OCTOBER.

The small variations in steamer traffic and freight turnover in the Polish ports of Danzig and Gdynia, as can be seen from the statement of port statistics in the different months, give grounds for the supposition that in this branch of Polish economic life there has come about a certain degree of stabilisation: on the one hand, the period of rapid increase of traffic, which outstripped the development of the port appliances, has passed; on the other hand, there are no symptoms of a purely seasonal increase of port activity. The work of both ports is carried on at high pressure, and it is always under the direct influence of the economic situation in Poland. A stable level has been reached, and normal development is quietly going on. Both ports are being extended to cope with the expected increase of traffic.

539 ships with an aggregate of 329.407 net reg. tons entered the port of Dan-

zig in October, while in September the corresponding figures were 568 and 322.772 respectively. Departures in October numbered 512 ships with an aggregate of 313.779 net reg. tons, as against 585 ships with 337.605 net reg. tons in September. Taking as a basis the ratio: 1 ton of goods = 1.5 net reg. tons (1 net reg. ton = 2.83 cubic metres), the efficiency of ship tonnage utilisation in October was 15.5 per cent for the incoming vessels, and 91 per cent for the outgoing.

The nationality of the ships entering Danzig in October, was as follows:

	Arrivals:		Departures:	
	net ships reg. tons	net ships reg. tons	net ships reg. tons	net ships reg. tons
Poland & Danzig	35	17.027	27	12.576
Germany	164	76.405	160	74.179
Finland	6	6.502	5	3.065
Estonia	2	404	3	873
Latvia	20	17.496	19	13.699
Sweden	124	65.255	118	64.803
Norway	45	21.255	42	20.353
Denmark	93	76.408	87	70.808
England	26	29.201	27	32.517
Holland	4	2.562	5	2.811
Belgium	4	1.215	3	10
France	9	8.516	10	10.446
Italy	2	5.611	2	5.343
Yugoslavia	1	2.069	1	2.069
Greece	1	110	1	110
Turkey	—	—	1	24
Austria	2	284	—	—
Czechoslovakia	1	67	1	93
Total:	539	329.407	512	313.779

The freight turnover in the Danzig port did not show, as mentioned above, any great variations in comparison with September. The total turnover was 635.062 tons in October, as against 651.878 tons in September. The main rôle, as usual, was played by exports, in which there was only a slight decrease from 543.597 tons in September to 538.640 tons in October; there was a noticeable fall, however, in imports from 108.281 tons in September to 96.422 tons in October.

The following table gives provisional figures for the shipments of the main groups through Danzig, in October (in tons):

	Imports	Exports
Grain	1.999	4.940
Sugar	—	2.779
Herring	10.390	—
Artificial fertilizers and chemicals	20.261	—
Timber	—	132.763
Cement	100	8.170
Coal	4.402	377.077
Ores	15.540	—
Iron	36.710	—
Groceries and foodstuffs	2.186	1.158
Various	4.834	11.753
Total:	96.422	538.640

The most important export group at present as regards Danzig is coal, and the shipments thereof in October were (according to provisional data) 377.077 tons, and bunker coal excluded — 338.122

tons. The coal was consigned to the following countries (in tons):

Sweden	137.132
Denmark	97.464
Finland	28.557
Latvia	20.765
Norway	16.653
Italy	16.387
France	13.953
Spain	7.211
Total:	338.122

The passenger sailings through the port of Danzig are illustrated by the following statement:

	Arrivals	Departures
	(p e r s o n s)	
Libau	52	74
Stockholm	9	—
Copenhagen	72	273
London	104	744
Hull	13	318
New York	159	346
Helsingfors	6	—
Riga	1	—
Total:	416	1.755

During the period under review, 53 ships with an aggregate of 40.791 net reg. tons entered Gdynia, which is a little less than the 66 ships and 47.145 net reg. tons in September. The difference between the two months, as reg. rds the tonnage, is not so marked for outgoing ships, which in October were 52 with an aggregate of 41.869 net reg. tons and in September 66 with 41.801 n. r. t. The export of coal, which is practically the only article handled through Gdynia, remained without change: 95.256 tons were exported in October which is a little less than the 98.570 tons in September. In October 83 passengers arrived and 716 departed by the regular emigration service Gdynia — Havre.

NEW TARIFF OF PORT CHARGES IN DANZIG. — On December 1, 1927, there comes into force a new tariff of port charges in Danzig. There are practically no changes made, and it is simply a reprint of the tariff of December 19, 1925, amended by a series of extensions.

The Danzig Port Charge Tariff is divided up under the following 12 headings:

- I. — Sea-going ship charges,
- II. — River boat charges,
- III. — Raft charges,
- IV. — Annual charge for vessels used constantly within the port district,
- V. — Passenger and baggage charges.
- VI. — Charges on vessels idling at quays,
- VII. — Charges on vessels remaining in harbour,
- VIII. — Light and buoy charges,
- IX. — Store charges,
- X. — Pilot charges,
- XI. — Ice-breaking charges,
- XII. — Special charges.

We will take first items I, V and X. According to item I, all vessels coming or going by sea pay a charge on the following scale: loaded to more than half of the net tonnage, G*) 0.14, less

than half but more than a quarter — G 0.12; less than a quarter, with ballast or empty — G 0.06. The following special reductions are made: 20 per cent for vessels maintaining a regular service with Danzig, and 10 per cent for vessels calling often at the port. The following vessels are free of charges: those calling for instructions only, or entering light and leaving within 48 hours, or in distress, calling for repair or fuel, Government vessels, and fishing craft.

According to item V, charges are made on passengers boarding ships or freight loaded or unloaded within the port of Danzig. The passenger charge is G. 0.40, or G 0.05 on river steamers. Freight charges are G 0.72 on sea-going ships and G 0.15 per ton on river craft. Item V also provides for a series of reductions: as for instance bulk cargoes pay 2/3 rds of the normal rate. The following are bulk cargoes: asphalt, pitch tar, phosphates, coke, molasses, petroleum products, bone meal, Thomas slag, grain and other products, ores, sulphur, salt, cotton, iron. Ores as imports, and coal as exports enjoy a further reduction, paying only G 0.20 per ton. As in item I, item V foresees a number of exceptions where no charge is made.

Pilot charges are as follows: for the first 200 cubic metres G 8—, and for each following 100 cubic metres, G 2—, for pilotage into the first sector; into the second sector there is an additional charge by 50 per cent, and into the third — by 75 per cent. Towing charges within the port are: G 8— for the first 1.000 cubic metres, and G 6— for each succeeding 1.000 cubic metres. Ships exempt from pilotage, pay one half the charges for pilotage or towing.

According to item II, charges are made on river craft passing through the locks at Einlage: G 0.01 per ton capacity, while boats running light pay half this amount.

According to item III, raft charges are G 6—.

According to item IV, annual charges are paid by ships running within the port limits: passenger ferries, tugs, motor boats, &c. Ships paying the annual charge are in general exempt from the charges under item I, as a result of which the annual charge becomes a tariff reduction.

According to item VI, quay idling charges are paid by vessels not working at least 6 hours out of every shift, and they are at the rate of G 0.02 per ton register at quays with crane service and half this amount at quays without this service. This charge is necessary in order that the port appliances may be used to their full capacity.

According to item VII, vessels staying in the port over 3 weeks pay G 0.03 per ton register for every 30 days or part thereof.

According to item VIII, light and buoy charges are paid by vessels not berthing alongside the quays but loading or unloading in the roads, at the rate of G 0.02 per ton register.

According to item IX, store charges are paid by vessels utilised for storage or as a dwelling, at the rate of 0.04 per ton register per week.

According to item XI, ice-breaking charges are 20 — 30 per cent of the charges under item I, and 25 per cent of those under item V.

According to item XII, special charges are made for fishermen and tugs not paying the annual charge.

To the tariff of port charges in Danzig are appended the executive regulations, composed of 26 articles.

ELECTRIFICATION OF THE PORT OF GDYNIA. — All existing and projected loading appliances in Gdynia are to be run by electric power.

At present the port is utilising electrical current conveyed from the hydro-electric station at Rutki, the load being about 275 KW. This power is insufficient for even the present modest requirements of the port, so that the two bridge cranes for loading coal cannot be fully utilised. In the near future an auxiliary port power station will be put into operation, which will supply an additional 375 KW and thus cover the present needs. This arrangement, however, will suffice for only a short time, since the construction of the port is progressing rapidly.

A number of factors must be taken into account in calculating the current needs of Gdynia. They are: the area of the port and the expected freight turnover, which with reasonable development of the railway lines connecting the port, should be in 1929—1930 about 750.000 tons and in 1931—1932—1.500.000 tons per month. There is also the further factor of the Presidential decree concerning facilities for industrial and trade enterprises founded on the territory of the City and port of Gdynia. These factors lead to the supposition that in a short time a large industry will be built up, and electrical power of from 4.500 to 5.000 KW should be required.

To satisfy these requirements, the Ministry of Industry and Commerce concluded an agreement on September 17, 1927, with the Pomeranian Electrical Works "Gródek" Ltd., in Toruń, whereby this company is bound to construct at its own expense and put into commission within six months an overhead line from Gródek to Gdynia. The length of the line carried on American type suspension poles will be 135 km. and will be designed for a tension of 200.000 V.

Electric current will be sent from Gródek to Gdynia under a tension of 60.000 V. In the Western part of the Port, the "Gródek" Co. will build a transformer station, where the voltage will be reduced to 15 000 V and conveyed to the main utilisation centres: Oksywie, the naval basin and buildings, the merchant port basins, coal quay, shipyards, &c., where will be erected transformer sub-stations to lower the tension to 360 220 V.

Simultaneously Messrs. "Gródek" will construct at their own expense within a period of two years a hydro-electric power station in Zura. At this station there will be installed highly efficient water turbines, namely—Kaplan propeller turbines of 10.000 HP, having a yearly output of 12 million KWH with a fall of 14 metres, and 14 million KWH with a fall of 17 metres. Until the Zura

*) Danzig Gulden.



SWEDISH COAL TRUCKS IN THE PORT OF GDYNIA (PHOT. S. PLATER)

works are completed, the "Gródek": Company will deliver current from, 1) the hydro-electric station in Gródek and 2) one (or two, depending on the requirements) steam-turbine station belonging to Messrs. "Gródek" at Grudziadz or Toruń, with a total power of 4,500 KW.

Messrs. "Gródek" are granted the exclusive right to deliver current to the territory of the Port, and are bound to cover completely the requirements thereof. Should these requirements increase to such an extent that the power stations in Gródek and Zura could not satisfy the needs of the Port, topographical and technical conditions still permit the "Gródek" Company to build two additional hydro-electric stations on the Black Water (Czarna Woda) river above Gródek, with a power of 13,000 KW. Messrs. "Gródek" have already drawn up the plans for these two stations. Thus, from the day on which the new line is put into commission, the supply of electric current is guaranteed in quantities equal to the port requirements.

In accordance with the Government concession granted to the "Gródek"

Company, the maximum current rates will be:

a) for high tension in the port of Gdynia, $\text{Z} 0.17$ per KWH for a yearly utilisation of 1 to 12 million KWH, and above that $\text{Z} 0.145$;

b) for low tension per KWH for lighting $\text{Z} 0.90$, for power 50 per cent higher than the rate at high tension (item a);

c) for the Managing Board of the Port, per KWH measured on the high tension side, from $\text{Z} 0.12$ for a yearly utilisation up to 2 million KWH, to $\text{Z} 0.088$ for a yearly utilisation above 12 million KWH.

On the tariff given in items a and b, specified discounts will be granted, depending on the number of hours of utilisation of the connected appliances calculated from the beginning of the given year. This tariff was established to meet present conditions and will be subject to revision according to a special scale, depending on the price of coal and labour.

The agreement with Messrs. "Gródek" is valid for a period of 58 years, but it reserves for the Treasury the

right of purchase of the Electric Works after the elapse of 27 years.

From the above facts it is seen that the contract with Messrs. "Gródek" treats the supply of electric current to Gdynia on sufficiently broad lines. With the aim, however, of ensuring the Port against lack of current as the result of any break-down in the hydro-electric power stations or on the Gródek-Gdynia line, there is foreseen the construction of an auxiliary steam-driven electric station with a capacity of 2,500 KW. This station will also be built by the "Gródek" Company at its own expense.

RATES TO AND FROM POLISH BALTIC PORTS—The following table, made up from the rates of the most important steamship companies in the Danzig and Gdynia service, gives average berth-rates charged on the various lines on November 10, 1927. They are subject to confirmation in each instance, to alterations, and are not guaranteed. Rates in shillings per ton (timber—per standard), unless otherwise specified:

AERIAL COMMUNICATION IN OCTOBER. — The second month of the autumn — October, had its effect on the air service, and there was a decrease in the traffic in every item, except the transportation of freight, which

increased from 28.130 kg. in September to 31.262 kg. in October.

The number of flights (scheduled and extra) was 410, against 472 in September. The distance flown was 124.585 km. (in September 148.119). The number of

passengers carried was 755, which is much less than the 1.056 in the preceding month. The transport of mail declined from 2.459 kg. in September to 1.802 kg. in October.

FINANCE AND BANKING

STATE REVENUE AND EXPENDITURE IN OCTOBER was as follows (in million £):

The returns from public levies and monopolies are treated under a separate heading. Here it will only be emphasised

	Revenue		Expenditure	
	actual	estimated for 1927/8	actual	estimated for 1927/8
A) Civil service	146.7	1,234.8	209.1	1,973.5
The President of the Republic	—	0.2	0.2	2.6
The Parliament	—	—	0.9	8.8
State Control	—	0.1	0.5	4.5
Council of Ministers	—	—	0.2	1.8
Ministry of Foreign Affairs	2.0	7.9	2.0	39.6
" War	1.2	10.3	72.7	610.8
" the Interior	1.4	13.0	22.5	184.7
" Finance	128.6	1,076.2	10.3	108.3
" Justice	3.8	34.8	11.0	97.2
" Industry and Commerce	0.7	7.0	5.0	34.0
" Transport	—	0.3	0.4	3.3
" Agriculture	1.5	11.3	3.2	37.7
" Religious Cults and Education	0.9	8.3	32.8	329.3
" Public Works	2.9	36.1	11.8	87.5
" Labour and Social Protection	0.1	1.0	6.8	58.3
" Land Reform	0.2	1.5	2.9	36.5
Pensions	3.4	26.8	8.0	82.0
Grants to Invalids	—	—	14.4	101.5
State liabilities	—	—	3.5	145.1
B) State Enterprises	20.2	107.8	0.5	14.8
C) Monopolies	66.1	650.9	—	—
Total A + B + C:	233.0	1,993.5	209.6	1,988.3

The revenue in October greatly exceeded the revenue in the former months as can be seen from the following statement of monthly returns (in millions of £):

April	1927	202.5
May	"	210.0
June	"	198.8
July	"	203.7
August	"	192.3
September	"	191.8
October	"	233.1

The increase was the result of a general rise in State revenues from every source, and in particular from public levies, monopolies and State enterprises.

that State enterprises brought into the Treasury the relatively large sum of £ 20.2 million. Of this amount, the State Railways furnished £ 10 million, the State Forests £ 8.3 million, and the Posts and Telegraphs £ 1.8 million.

These returns were therefore greater than those in any other month during the present budgetary year, with the exception of June. During the first seven months, State revenues totalled £ 1,434.1 million, or, in relation to the £ 1,990.5 million estimated in the budget for the whole year, they were 71.93 per cent.

The largest returns comparatively

were brought in by the State enterprises they were, for the seven months period as above, £ 124 million, or 114.99 per cent of the £ 107.8 million estimated.

The monopolies brought in, during these seven months, £ 424.6 million or 65.22 per cent of the £ 650.9 million estimated for the whole year.

The civil service gave a seven months revenue of £ 885.6 million, which is 71.72 per cent of the estimated sum of £ 1,234.8 million.

State expenditure also greatly exceeds the expenditure of the preceding months, which was as follows (in millions of £):

April	1927	166.1
May	"	189.8
June	"	180.0
July	"	177.1
August	"	164.3
September	"	181.6
October	"	209.6

The increase was due, in the first place, to the payment of a bonus to the State employees, to the amount of £ 20.4 million. If this payment be ignored, the remaining expenditure in October is only slightly greater than in the preceding months.

Of the State enterprises, the mining and foundry undertakings accounted for £ 500,000.

In general, the State expenditure for the first seven months of the budgetary year only slightly surpassed the corresponding sum estimated in the budget. The actual expenses were £ 1,268.5 million as against the budget figure of £ 1,991.3 million, or 64.20 per cent.

The civil service expenses for this period were £ 1,262.8 million or 63.89 per cent of the £ 1,976.4 million foreseen in the budget for the whole year.

The non-revenue returning enterprises utilised the sum of £ 5.7 million, or 38.21 per cent of the sum foreseen in the budget (£ 14.8 million).

Thus October again showed a surplus of revenue of £ 23.4 million. For the first seven months of the budget year 1927/8, the surplus is £ 165.7 million, which is more than the £ 150.0 million of the 1926/7 budgetary year.

It is interesting to note that, beginning with July 1926, every month has closed

with a larger or smaller surplus, so that the balance of the budget in Poland can be said to be stable.

TAXES IN OCTOBER. — October is usually the beginning of a period of several months during which a considerable amount of tax revenue is collected; in the present year the rule is holding good, as can be seen from the following statement for the first seven months of the budgetary year (in million Z):

April	162.6
May	178.5
June	151.8
July	169.7
August	154.5
September	165.8
October	192.4

For this seven months period the aggregate returns from public levies and monopolies amounted to $\text{Z} 1.175$ million, which, in relation to the $\text{Z} 1.671$ million estimated in the yearly budget, is 70.34 per cent, or much more than the theoretical revenue. This is all the more remarkable as the first half of the budget year is always less propitious than the second.

Of this amount the ordinary levies furnished $\text{Z} 750.9$ million, or 73.6 per cent of the budgeted amount. The capital levy brought in $\text{Z} 17.4$ million, or only 18.33 per cent, and the 10 per cent Extraordinary Supplementary Tax contributed $\text{Z} 44.9$ million, or 80.14 per cent of the sum estimated in the yearly budget.

Turning to a detailed analysis of the tax returns, it is found that the direct taxes gave $\text{Z} 59.9$ million, or considerably more than in the preceding months— in April they returned $\text{Z} 44$ million, in May $\text{Z} 48.2$ million, in June $\text{Z} 38.2$ million, in July $\text{Z} 40.3$ million, in August $\text{Z} 39.9$ million and in September $\text{Z} 37.9$ million.

The increase in this group in October is accounted for as follows: larger returns from the land tax ($\text{Z} 4.8$ million), the term of payment for which fell due in this month, the industrial tax— $\text{Z} 26.3$ million, and the income tax which gave $\text{Z} 21.7$ million.

The income tax has shown very favourable returns, as from April 1st to November 1st it has brought in $\text{Z} 86.5$ million or 72 per cent of the sum estimated in the budget.

The indirect taxes in October gave $\text{Z} 13.3$ million, or less than in September ($\text{Z} 14.5$ million), and thus kept to the level of the average monthly returns.



TIMBER YARD AT A POLESIE SAWING MILL
(PHOT. L. BUŁHAK)

The decrease in relation to September is explained by the smaller revenues from the sugar tax ($\text{Z} 8.7$ million). In general, the indirect taxes for the first seven months of the budgetary year have brought in $\text{Z} 94.7$ million or 72.7 per cent of the estimated sum.

Customs duties also returned a little less than in September: $\text{Z} 26.2$ million as against $\text{Z} 28.7$ million, and during the first seven months $\text{Z} 184.1$ as against $\text{Z} 182$ million foreseen in the budget.

The stamp fees gave $\text{Z} 14.9$ million, while in September only $\text{Z} 13.7$ million. For the seven months the returns were very good, for they amounted to $\text{Z} 96.4$ million or 85.8 per cent of the sums estimated in the budget.

As a result of the increased tax returns, the 10 per cent extraordinary super-tax also gave a greater revenue, i. e., $\text{Z} 9$ million.

The returns from the property tax, on the contrary, are constantly lower than planned in the budget. In October, it is true, this tax gave a little more than in September, but still this is less than the estimate which foresaw a total of $\text{Z} 95$ million for the year.

The monopolies gave very large returns. In October they were $\text{Z} 66.1$ million, of which Tobacco and Spirit Monopolies brought in $\text{Z} 30$ million each. Altogether, the monopolies during the seven months brought in $\text{Z} 424.6$ million, which is 65.22 per cent of the $\text{Z} 650.9$ million estimated in the budget for the whole year.

The following statement gives the returns from public levies and monopolies (in million Z):

	Actual revenue: of the yearly budget for			
	1926	1927	1927	1927/8
Direct taxes	39.9	59.9	37.9	36.5
Indirect taxes	11.6	13.3	14.5	10.9
Customs duties	18.6	26.2	28.7	15.2
Stamp fees	11.9	14.9	13.7	9.3
 Total of the ordinary public levies:	 82.0	 114.3	 94.8	 71.9
Property tax	7.9	3.0	1.9	7.9
10 per cent extraordinary tax	4.8	9.0	6.4	5.2
 Monopolies	 56.4	 66.1	 62.6	 54.0
 Total of public levies and monopolies:	 151.1	 192.4	 165.7	 139.0

STOCK EXCHANGE

FOREIGN CURRENCIES

In October the Polish currency was officially stabilised, and for this purpose there was floated a 7 per cent Loan for the sum of \$ 62 million and £ 2 million.

In connection with the stabilisation, the rate of the Złoty on the Warsaw Exchange changed slightly, drafts on New York decreasing from 8.93 to 8.90. The rates for other foreign currencies decreased in the same proportion, i. e. the Pound Sterling by $\text{Z} 0.10$, 100 Swiss Francs by $\text{Z} 0.50$; &c. &c.

On foreign exchanges, as can be seen from the table given below, the Złoty

rose: this is testified by New York, Zurich, Berlin, Danzig and other exchanges.

During the period under review the total turnover in foreign drafts and currencies exceeded \$ 8½ million, which

was 5 per cent greater than in the preceding month. The turnover in drafts alone increased by over 6½ per cent, while the demand for Dollars in cash diminished by 16 per cent. The decrease in the Dollar turnover is

easily understood in view of the stabilisation of the Złoty, while the purchase of foreign drafts is the result of the natural needs of the home industry and commerce.

		30.9	1—8.10	10—15.10	17—22.10	24—29.10	31.10	par value
Warsaw Exchange								
London	£ 1	43·51	43·53	43·46	43·42	43·42	43·41½	43·38
New York	\$ 1	8·93	8·93	8·91	8·90	8·90	8·90	8·91
Paris	Fr. Fr. 100	35·10	35·12	35·04	35—	35·01	35—	172·00
Brussels	Belg. 100	—	—	124·45	124·15	124·13	—	123·95
Zurich	Sw. Fr. 100	172·43	172·44	172·12	171·95	171·94	171·95	172·00
Milan	Lir. 100	48·86	48·95	48·77	48·74	48·72	48·75	172·00
Amsterdam	Fl. 100	—	358·70	358·40	358·60	358·95	359·32½	358·31
Vienna	Sh. 100	126·18	126·18	125·93	125·80	125·84	125·85	125·43
Prague	Kcz. 100	26·50	26·50	26·44	26·41½	26·41½	26·41½	180·62
Stockholm	Kr. 100	—	240·75	240·88	240·14	240·07½	—	238·89
Foreign Exchanges								
London	£ 1	43·50	43·50	43·50	43·50	43·44	43·50	43·38
New York	£ 100	11·20	11·20	11·20	11·20	11·23	11·25	11·22
Zurich	£ 100	58—	58—	58—	58·06	58·11	—	58·14
Vienna	£ 100	—	—	—	79·32	79·25	—	79·72
Prague	£ 100	376·60	376·70	377·34	377·50	377·83	377·50	55·36
Berlin	£ 100	46·87½	46·87½	46·96	46·95	46·96	46·96	47·09
Danzig	£ 100	57·55	57·58	57·64½	57·63	57·57	57·60	57·63

SHARES

Although the tendency on the share market was changeable, resulting from

the law of supply and demand, yet in general a further gradual rise in prices could be detected. The public, who for

some time had kept away from exchange operations, began once more to show interest in home shares. The

Industrial shares	30.9	1—8.10	10—15.10	17—22.10	24—29.10	31.10	Nominal
Bank Polski	147·75	148·45	154·35	159·35	157·05	155—	£ 100—
Bank Dyskontowy Warszawski	133·50	133—	134·10	136·70	133·40	132—	£ 100—
Bank Handlowy w Warszawie	123—	123·50	125·40	127·70	123—	123—	£ 100—
Bank Zachodni	—	25—	27·25	26·90	26·80	28—	£ 25—
Bank Zw. Sp. Zarobkowych	91—	90·35	94·85	97·25	95·65	98—	£ 100—
Warsaw Coal Mining Co.	105—	104—	112·45	119·05	118—	123·25	£ 100—
Chodorów	—	—	175—	181—	179—	—	£ 100—
Cegielski	42—	44·15	52·90	55·20	54·15	56·50	£ 50—
Zieleniewski	20—	20—	22·50	23·25	22·65	23—	Mk. 1.000—
Norblin, Buch Bros. & T. Werner	—	214·25	209·15	214·35	216·50	—	£ 100—
Starachowice	71·50	70·85	77·90	80·70	79·25	79—	£ 50—
Lilpop, Rau & Loewenstein	31·50	33·70	37·20	40·70	42·15	43—	£ 25—
Ostrowiec	93—	94·40	97·25	96·75	97·85	100—	£ 50—
Modrzejów	9·40	9·30	9·80	10·45	10·35	10·30	Mk. 500—
Rudzki	60·50	58·90	62·90	65—	62·35	62·50	£ 25—
Warsz. Sp. Akc. Budowy Parowozów	54—	53·80	—	51—	49·65	45—	£ 25—
Zyrardów	19—	18·50	19·95	20·50	19·70	19·50	Mk. 540—Rb. 250
Zawiercie	38—	37·40	40·60	41·85	41·05	41·25	Mk. 6.000—
Standard Nobel	49—	48·10	52·05	51·95	50·50	50·50	£ 50—
Ł. J. Borkowski (Elibor)	3·45	3·45	3·95	4·05	4—	4·25	Mk. 216—
Wysoka	—	132·35	135—	135·65	137·35	—	£ 100—
Siła i Światło	—	104·20	111—	107·60	105·70	110—	£ 50—

majority of home enterprises, and especially the pre-war institutions, are still valued considerably below their actual worth, and many concerns are accumulating large reserves, which may be turned into capital. The resulting gains for shareholders cannot remain without influence on the price. This explains the upward tendency displayed by the majority of shares. The contraction of the foreign loan had a good effect on the share market and the result was that share-holders were not in a hurry to sell, and the supply in comparison with the demand was too small. There were, in reality, moments when the supply exceeded the demand, but this was, generally

speaking, the result of profit-taking and forced sales.

Generally the tendency was stronger but from time to time larger batches of certain shares appeared on the market.

Of the bank shares the most popular were the Bank of Poland, which gained $\text{X} 7$ per share. Other bank shares also rose, the Bank Zachodni gained 10 per cent, and the Bank Zwiazku Spółek Zarobkowych 8 per cent; the Bank Handlowy, after rising for a short period, returned to its former level.

The Warsaw Coal Mining Company shares rose by 18 per cent. Metallurgical shares showed a marked upward

tendency. Cegielski shares gained over 30 per cent, Lilpop, Rau & Lowenstein about 40 per cent, Zieleniewski and Starachowice over 10 per cent. Modrzejów also rose by about 10 per cent. Norblin, after payment of a 16 per cent dividend for the last year of operation, gained an additional few per cent. Ostrowiec rose by 8 per cent, and Rudzki by 3 per cent. The only fall was shown by the Warsaw Locomotive Works (Warsz. Sp. Akc. Budowy Parowozów) which decreased by $\text{X} 9$ per share.

Of the remaining shares, Borkowski shares were very popular and gained over 20 per cent. Wysoka rose by 6 per cent, Siła & Światło by 5 per cent, and Nobel by 3 per cent.

State, Municipal & Land Loans	30.9	1—8.10	10—15.10	17—22.10	24—29.10	31.10	Nominal
5% Conversion Loan	62—	62—	62·90	65·90	64·05	63·50	$\text{X} 100$ —
6% External Dollar Loan 1920	—	85·40	85·40	86·75	84—	82·50	\$ 100—
5% Premium Dollar Loan Series II	60·20	61·30	64·30	59·10	61·40	60·50	\$ 5—
10% Railway Loan (1st series)	102·50	102·50	103·10	103·35	102·70	102·75	Gold fr. 100—
8% Bank Gospodarstwa Krajowego Bonds . . .	92—	92—	92·50	93—	93—	93—	Gold fr. 100—
8% State Agricultural Bank Bonds	92—	92—	92·50	93—	93—	93—	Gold fr. 100—
8% Com. Oblig. of the Bank Gospodarstwa Kraj.	92—	92—	92·50	93—	93—	93—	Gold fr. 100—
8% Land Credit Association Bonds	77—	77—	80·30	84·65	83·20	83—	$\text{X} 100$ —
4% Land Credit Association Bonds	51—	53—	57—	55·50	—	56—	$\text{X} 100$ —
4½% Land Credit Association Bonds	58·25	57·65	60·40	62·55	62·15	61·50	$\text{X} 100$ —
8% Credit Soc. of the City of Warsaw Bonds . .	76—	76—	80—	84·55	83·90	83·25	$\text{X} 100$ —
5% Credit Soc. of the City of Warsaw Bonds . .	65·25	64·70	67·30	69—	68·85	69—	$\text{X} 100$ —
4½% Credit Soc. of the City of Warsaw Bonds . .	—	60·20	63·90	64·75	63·50	64·75	$\text{X} 100$ —

STATE, CITY AND LAND LOANS

Government bonds also exhibited a stronger tendency, since all, except the little dealt in 6 per cent Dollar Loan of 1920, rose to a greater or lesser degree. There was a further strong demand for the 5 per cent Premium Dollar Loan.

Also much interest was shown in communal securities which gained from $\text{X} 3·25$ to $\text{X} 6$ per one hundred Złoty bond.

The most active were the 8 per cent mortgage bonds of the Warsaw Credit Society, the turnover of which reached large proportions.

CHANGES IN THE MONETARY SYSTEM. — In connection with the lowering of the monetary unit provided for in the Presidential decree of October 13, 1927, concerning the stabilisation of the Złoty *), a series of matters regarding the monetary system required to

be legally regulated. These matters are settled in the Presidential decree of October 27, 1927, concerning the change in the monetary system.

The above decree is divided into the following seven chapters:

- 1) the medium of payment to be minted by the Treasury,
- 2) money in circulation,
- 3) obligations in Złoty,
- 4) obligations in gold Złoty (Francs),
- 5) balance sheets of public and private enterprises,
- 6) revaluation of monetary sums in statutes and decrees,
- 7) transitory regulations.

The chapter treating of the medium of payment, to be minted by the Treasury, established in art. 1 that the striking of coins is the exclusive privilege of the State. This condition obtained also in the regulations hitherto in force.

Gold coin of 900 fine is to be struck in denominations of $\text{X} 100$, 50 and 25, and from one kilogramme of 900 fine gold shall be struck $\text{X} 5.332$. According to the regulations hitherto binding, gold coin was to be struck in denominations of $\text{X} 100$, 50, 20 and 10. The raising of the smallest gold coin to the denomination of $\text{X} 25$ was made necessary by the

lowering of the value of the monetary unit. The gold coin of $\text{X} 25$ denomination shall be called a "Dukat". This Dukat is very near in weight to the Dukat struck in the Kingdom of Poland before its partition by foreign powers.

Silver coin shall be struck in denominations of $\text{X} 5$ at 750 fine and weighing 18 grammes, and $\text{X} 2$ at 500 fine and weighing 10 grammes.

Heretofore silver coins were struck in denominations of $\text{X} 2$ at 750 fine and 10 grammes weight, and $\text{X} 1$ of the same fineness and 5 grammes weight. In addition, $\text{X} 5$ coins at 900 fine and 25 grammes weight were to be struck.

Nickel and copper coins are to be struck of the present value and weight, and in addition there shall be struck nickel coins of $\text{X} 1$ denomination and 7 grammes weight.

Gold coin may be struck for the account of private individuals, under the conditions determined by the Minister of Finance, while silver, nickel and copper coins can only be struck for the account of the Treasury.

The amount of the emission of gold coin is unlimited, but the emission of coin of other metal is limited to the aggregate sum of $\text{X} 320$ million.

*) See "The Polish Economist" No. 11/1927, page 440.

Chapter 1, in addition to the above regulations, contains regulations of a technical order.

According to the regulations of Chapter 2, treating on the money in circulation, gold coin is legal tender of payment for sums to any limit, silver $\text{Z}\text{ł}$ 5 coins for sums up to $\text{Z}\text{ł}$ 500, silver $\text{Z}\text{ł}$ 2 and nickel $\text{Z}\text{ł}$ 1 coins for sums up to $\text{Z}\text{ł}$ 100, and the remaining nickel and copper coins for sums up to $\text{Z}\text{ł}$ 10. In the regulations hitherto in force, gold coins were as at present good for sums to any limit, silver coins for sums up to $\text{Z}\text{ł}$ 100, and nickel and copper coins for sums up to $\text{Z}\text{ł}$ 10.

The Treasury is bound, as heretofore, to accept coin of every kind in any amount for every payment with the exceptions of those payments which, in accordance with the regulations in force, are to be made in gold coin.

In addition to the above regulations, Chapter 2 treats of the matter of accepting damaged coins, and grants the Minister of Finance the right of issuing regulations concerning the acceptance and exchange of damaged and the arrest of forged mediums of payment.

It is seen from the above that the State is to issue exclusively coin, while the issue of paper money is left wholly to the Bank of Poland. The Treasury notes and silver coin at present in circulation are, in accordance with the transitory regulations, to be withdrawn from circulation on the dates determined by the Minister of Finance. These dates should be chosen in such a way that the commencement of exchange of these means of payment should take place at least three months before this money loses its character of legal tender of payment. After this date, however, exchange should be made in the Treasury branches during at least the two succeeding years.

Chapter 3, dealing with of obligations in $\text{Z}\text{ł}$ oty, establishes the rule that any and all obligations contracted in $\text{Z}\text{ł}$ oty, are not subject to revaluation and that therefore they are payable $\text{Z}\text{ł}$ oty for $\text{Z}\text{ł}$ oty. However, in the case of obligations contracted in gold $\text{Z}\text{ł}$ oty, there shall be taken into account the lowering of the monetary unit by 42 per cent. Therefore such obligations are subject to revaluation at the ratio of one former $\text{Z}\text{ł}$ oty to 1.72 $\text{Z}\text{ł}$ oty of the new unit.

Mortgage deeds in gold $\text{Z}\text{ł}$ oty (Francs) are subject to revaluation into the new monetary unit on demand of the debtor or creditor and in the event of a change being made in the mortgage deed; the petition, mortgage deeds and other services connected with such changes, are free of court tax. This is altogether just, in view of the fact that these services are the outcome, not of a new financial transaction but of the change in the monetary system.

With regard to bonds issued in gold $\text{Z}\text{ł}$ oty, the Minister of Finance is empowered to issue instructions concerning the re-stamping or exchange of these papers.

The regulation in Art. 15 permits the contracting of any or all obligations, not excepting bills of exchange and

bonds, in gold $\text{Z}\text{ł}$ oty, where such obligations are payable at the rate of 900/5322 grammes of pure gold for one gold $\text{Z}\text{ł}$ oty. The value of one gramme of pure gold up to the time of the opening of exchange of the $\text{Z}\text{ł}$ oty for gold coin by the Bank of Poland shall be announced in the official "Monitor Polski" and will be based on the price of gold and the rate of exchange of the Dollar. When concluding such agreements, it is permitted to make them payable in Polish gold coin.

The regulation in Chapter 6, establishes that any and all sums stated in $\text{Z}\text{ł}$ oty in statutes and decrees, are not subject to revaluation, while those expressed in gold $\text{Z}\text{ł}$ oty are subject to revaluation at the ratio mentioned above. Exception is made in the case of the customs tariff rates expressed in gold $\text{Z}\text{ł}$ oty, which for the time being are not subject to revaluation. This matter is to be settled by a special decree. A special decree will also establish the basis for revaluation of the sums on the balance-sheets of public and private enterprises.

The above decree came into force on October 16, 1927.

REMOVAL OF FOREIGN CURRENCY RESTRICTIONS. — With the completion of the Stabilisation Loan, which permanently fixes the foundations of the Polish currency, the danger of it being undermined has passed away. Therefore the restrictions regarding foreign currency have become unnecessary.

Thus, in the "Dz. Ust. R. P." No. 97, item 888, there was announced the decree of the Minister of Finance, removing altogether the foreign currency regulations in Poland.

From November 5th, therefore, there is absolute freedom as regards the forwarding abroad of unlimited sums by any means, mailing or taking out of the country currency, cheques, money orders, bills of exchange and all securities. Dealing in Polish currency and bonds abroad is also free, and in view of the removal of the currency obligations on goods exported abroad, exporters are now in a position to utilise the sums accruing from export as and when they please.

The above does not apply to the export of gold and silver.

PAYMENT OF THE STABILISATION LOAN. — On November 9, the Bankers Trust Co., and the Chase National Bank placed at the disposal of the Bank of Poland the whole sum due to the Polish Government as the proceeds of the 7 per cent Stabilisation Loan, the amount being \$ 53,209,333.33, or $\text{Z}\text{ł}$ 474,307,997.30, and £ 1,729,333.68 or $\text{Z}\text{ł}$ 75,018.480, or a total of $\text{Z}\text{ł}$ 549,326,477.30, i. e., \$ 61,625,133.99. In accordance with the disposition of the Bank of Poland, this sum was subsequently credited to the Bank in several American and English banks.

On the same day the Polish Minister in Washington handed over to the Bankers the temporary certificates for the Loan to the amount of \$ 62,000,000 and £ 2,000,000.

BANK OF POLAND

The balance sheet of the Bank of Poland for October last differs considerably from that for the preceding month, for, in accordance with the monetary reform provided for by the Presidential decree dated October 13th 1927, instituting a legal devaluation of the $\text{Z}\text{ł}$ oty — the bullion and foreign currency reserves of the Bank, which up to that time were accounted for in the balance sheet, at the rate of \$ 1 = $\text{Z}\text{ł}$ 5.1825, have now been expressed in the new $\text{Z}\text{ł}$ oty, i. e., one former $\text{Z}\text{ł}$ oty

— 1.72 new $\text{Z}\text{ł}$ oty. A portion of the difference resulting from the conversion has already appeared in the assets of the Bank, in a special account where the exchange differences resulting from the sale or purchase of foreign currencies were booked. This account has now been annulled. The remaining portion resulting from the conversion of the reserves which were accounted for in the balance sheet prior to the depreciation of the rate of the $\text{Z}\text{ł}$ oty, or which were accounted for at the time when the ratio of the exchange of the $\text{Z}\text{ł}$ oty was either higher or lower than the present stabilisation rate — has been transferred to reserve funds of the Bank as a "special reserve".

The bullion and foreign currency reserves of the Bank, which amounted to gold Fr. 404.5 million on October 1st, were converted in the balance sheet dated October 20th into a sum of $\text{Z}\text{ł}$ 695.7, and as the rise in these reserves during the month amounted to gold fr. 17.3 million, or $\text{Z}\text{ł}$ 29.8 million, the bullion and foreign currency reserves amounted on October 31st to $\text{Z}\text{ł}$ 725.5 million.

Consequently, the increase in the reserves recorded in October was larger than in September, when it amounted to gold fr. 14.6 million and smaller than in August when it amounted to gold fr. 25.6 million. During the first 10 months of this year the bullion and foreign currency reserves of the Bank rose from $\text{Z}\text{ł}$ 454.1 million to $\text{Z}\text{ł}$ 725.5 million or by $\text{Z}\text{ł}$ 271.4 million, i. e., by 60 per cent. The rise of these reserves is divided more or less evenly between the bullion reserve which rose from $\text{Z}\text{ł}$ 315.1 million to $\text{Z}\text{ł}$ 328.7 million, and the foreign currency reserve which rose from $\text{Z}\text{ł}$ 380.6 to $\text{Z}\text{ł}$ 396.8 million. The increase in the bullion reserve is accounted for by new purchases of gold made abroad to the amount of \$ 1.5 million and to small purchases of



CARBIDE OVENS AT THE CHORZÓW STATE CHEMICAL FACTORY
(PHOT. S. PLATER)

gold and silver by the different branches of the Bank.

Gold reserves rose in October from £ 312.9 million to £ 326.5 million, and

during the 10 months of this year by £ 88.8 million or by 37 per cent.

	SEPTEMBER 30th	OCTOBER 10th	OCTOBER 20th	OCTOBER 31st
Assets:				
Bullion:				
Gold in bars and cash	181,940,751.94	184,561,372.34	322,017,686.07	326,503,026.59
Silver	1,288,174.71	183,228,926.65	2,153,408.76	2,170,955.39
Foreign balances	243,196,352.77	1,299,303.28	252,591,749.69	436,829,954.08
Exchange difference on currency a/o.	208,214,980.23	214,433,064.41	1,780,662.59	1,904,222.31
Silver and token coins	348,398.24	269,613.21	431,767,711.20	432,638,449.72
Bills of exchange	419,694,279.76	420,247,135.27	30,888,855.45	32,025,570.54
Loans against securities	30,356,937.84	30,915,712.45	22,259,000.—	23,306,250.—
Report	19,899,000.—	20,699,000.—	8,100,145.23	9,720,014.33
Interest-bearing securities discounted	—	—	—	—
Interest-bearing securities bought	28,981,118.71	26,951,746.73	20,214,981.59	20,214,981.59
Loans to Government	25,000,000.—	25,000,000.—	25,000,000.—	25,000,000.—
Property and fittings	36,282,185.25	36,282,185.25	36,282,185.25	36,282,185.25
Other assets	88,268,234.47	93,633,885.05	79,905,779.25	85,770,086.06
	1,283,470,413.92	1,306,884,767.68	1,417,200,369.47	1,436,610,786.56
Liabilities:				
Capital	100,000,000.—	100,000,000.—	100,000,000.—	100,000,000.—
Reserve fund	4,653,130.—	4,653,130.—	4,653,130.—	4,653,130.—
Special reserve	—	—	79,674,421.80	79,674,421.80
Notes in circulation	844,479,090.—	843,482,900.—	832,112,480.—	929,413,200.—
Current accounts and other liabilities:				
Government Institutions	125,175,217.04	137,110,875.56	98,242,808.46	95,674,727.28
Outstanding balances	124,236,133.69	131,777,437.01	189,354,854.—	112,653,862.43
Various	6,200,396.72	255,611,747.45	5,510,382.56	6,589,638.90
Liabilities in foreign currencies	8,764,904.23	11,202,611.61	19,356,143.45	17,885,307.21
Liabilities on report transactions	13,157,760.—	13,685,060.—	25,196,160.—	26,361,960.—
Other liabilities	56,803,782.24	59,302,925.41	63,099,989.20	63,704,538.94
	1,283,470,413.92	1,306,884,767.68	1,417,200,369.47	1,436,610,786.56



ONE OF THE OLDEST ŁÓDŹ TEXTILE MILLS
(K. SCHEIBLER, ESTABLISHED IN 1854)

The purchases of gold, which were chiefly effected in the United States, are given below (in U. S. A. \$):

January	1,000,000
February	1,000,000
March	500,000
April	1,000,000
May	—
June	500,000
July	500,000
August	2,000,000
September	1,500,000
October	1,500,000
Total:	9,500,000

Stocks of silver which represented a value of $\text{Z} 2.2$ million at the end of October rose in the course of the past 10 months by $\text{Z} 1.2$ million.

The increase in foreign currency reserves was caused by the gross increase of foreign currencies and drafts (together with assets in foreign banks) from $\text{Z} 418.3$ million to $\text{Z} 441.1$ million, while at the same time the liabilities in foreign currency of the Bank rose from $\text{Z} 37.7$ million to $\text{Z} 45.2$ million. The increase in respect of the volume of foreign bank notes was from $\text{Z} 16.3$ million to $\text{Z} 18.9$ million and in respect of the net amount of foreign drafts (less the liabilities of the Bank to foreign banks) — from $\text{Z} 364.2$ million to $\text{Z} 377.9$ million.

During the past 10 months the foreign currency reserve rose from $\text{Z} 215.3$ million to $\text{Z} 396.8$ million.

Purchases of bank notes and drafts

amounted in October to gold fr. 97.8 million or $\text{Z} 168.3$ million as against gold fr. 88.9 million in September.

The sale of foreign currencies and drafts amounted to gold fr. 92.2 million or $\text{Z} 159.0$ million as against gold fr. 72.4 in the preceding month. The sales of foreign drafts and currencies to Government departments amounted to gold fr. 20.6 million or $\text{Z} 35.4$ million, and those effected on the Stock Exchange — to gold fr. 50.8 million or $\text{Z} 87.3$ million.

The changes in the bullion and foreign currency reserves which took place during October and the first 10 months of this year are illustrated by the following figures (in millions of Z):

	January 1st	September 31st	October 31st
gold	237.7	312.1	326.5
silver	0.1	2.2	2.2
foreign currencies	31.7	16.3	18.9
foreign exchange	183.6	364.2	377.9
Total:	454.1	695.7	725.5

In relation to the bank notes in circulation the bullion and foreign currency cover represented 84.4 per cent on October 1st and 80.1 per cent on October 31st. The decline in the ratio of the cover despite the rise of the total sum of the cover is accounted for by a considerable increase in the issue of bank notes during the period under review from $\text{Z} 844.5$ million to $\text{Z} 929.4$ million. During the period from January

1st to October 31st the volume of notes in circulation rose by $\text{Z} 336.7$ million or by 57 per cent. This increase was accounted for by a sharp decline in the balances of current accounts from $\text{Z} 249.4$ to $\text{Z} 208.3$ million, also to the above mentioned increase in the bullion and foreign currency reserves and to the increased credit activity of the Bank. As regards the latter, it should be stated that the total of bills discounted rose during the month from $\text{Z} 419.7$ to $\text{Z} 432.6$ million.

Loans against securities rose from $\text{Z} 30.4$ million to $\text{Z} 32.4$ million. The debt of the Treasury, amounting to $\text{Z} 25$ million, remained unchanged and, in accordance with the stabilisation plan of the Government, will not be increased. The volume of discounted securities, together with interest-bearing securities purchased by the Bank, declined from $\text{Z} 29.0$ million to $\text{Z} 9.7$ million. On the other hand, the position of the Bank was strengthened by the creation of a special reserve fund which now amounts to $\text{Z} 20.2$ million. Up to the present the whole reserve fund amounting to $\text{Z} 4.7$ million, was invested in State securities, which were entered under the heading of "various assets". At present, after the establishment of the "special reserve", the reserve funds of the Bank rose to $\text{Z} 84.3$ million, a part of which (as already mentioned — $\text{Z} 20.2$ million) is invested in State securities. They are now entered separately and, in



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accordance with the Statutes, do not form part of the Bank cover for bank notes in circulation. The bank cover in October and in the first ten months of this year was subject to the following fluctuations (in millions of $\text{Z}\text{ł}$):

	January 1st	September 30th	October 31st
bills	419.7	407.9	432.6
Polish silver coins and token money	29.1	0.3	1.9
loans against securities	9.4	30.4	32.0
securities bought and discounted	18.9	29.0	9.7
liability of the Treasury	25.0	25.0	25.0
Total:	403.6	504.4	501.3

CHANGES IN THE STATUTES OF THE BANK OF POLAND.—The plan of stabilisation announced on October 13th, states that the Bank of Poland shall take certain steps to ensure the lasting stabilisation of the $\text{Z}\text{łoty}$. Some of these steps required a change in the Statutes of the Bank, for instance, the increase in capital, bills of exchange, election of a foreigner to the Board, change in the amount of currency cover required, &c.

Therefore on November 5th the shareholders voted a change in the Statutes. The alteration which was sanctioned brings in the changes required in the Plan of Stabilisation, and further changes rendered advisable by the economic conditions, as well as some of an editorial and textual nature.

The following are the more important changes introduced:

1) increase of the capital to $\text{Z}\text{ł}$ 150 million. This increase was already voted in the second half of 1926, and has not been effected up to the present, owing to unfavourable circumstances;

2) change of banknotes into gold or cheques. The Bank shall immediately begin the exchange of bank notes into:

a) gold coin,
b) gold bars, at the rate of $\text{Z}\text{ł}$ 5.924:44 for one kg. of pure gold,

c) foreign cheques in currency exchangeable for gold at the par rate of exchange; however, the Bank reserves to itself the right, in case of large sums, to charge the cost of the transportation of the gold from Warsaw to the place of payment of the cheque.

The exchange of sums of over $\text{Z}\text{ł}$ 20,000 will only be carried out at the Central Office of the Bank in Warsaw.

The commencement of the above mentioned exchange is the direct consequence of the completion of the Stabilisation Loan;

3) increase of the statutory cover. Hitherto in calculating the cover in gold and foreign currencies, the circulation of bank notes alone was taken into account, and the lowest ratio of cover was 30 per cent. At present the cover is increased to 40 per cent. In addition to the bank note circulation, there is taken into account the obligation of immediate payment on current accounts. This answers to the ideas accepted by the majority of issue banks which were founded after the war. This principle was advised by the Kemmerer Mission, and considered correct by the deciding authorities in 1926, when the changes were made in the Statutes of the Bank of Poland. Since their immediate adoption was impossible an amendment was included in art. 52 to the effect that these regulations could be introduced by sanction of the Board;

4) the granting to the Bank of Poland of the right to sell or deposit bills of exchange, expressed in gold currency. The introduction of this change is appropriate, in view of the fact that a number of foreign banks have granted to the Bank of Poland credit against the deposit of or for the rediscounting of bills of exchange;

5) the increasing of the Board of the Bank by one member for a period not exceeding three years. This additional member was elected as foreseen in the Plan of Stabilisation;

6) the prolongation by three years, or until 1937, of the period during which first issue shares and their dividends and superdividends shall be free from all taxation. Up to now the shares were to have been free from taxation until 1934. The change is beneficial both to the owners of the present issue, and those of the 2nd issue.

All the changes in the Statutes sanctioned by the General Meeting of Shareholders of the Bank of Poland, acquired legal force by means of a Presidential decree, which was announced in the "Dz. Ust. R. P." No. 97, item 856.

THE FOREIGN MEMBER OF THE BOARD OF THE BANK OF POLAND. — On November 5, 1927, the Board of the Bank of Poland decided

to invite as Foreign Member Mr. Charles S. Dewey, Assistant Secretary of the Treasury of the United States of America.

THE FOREIGN ISSUE BANKS' CREDIT TO THE BANK OF POLAND. — From the moment of the announcement of the Presidential decree with regard to the Stabilisation Loan, a second agreement automatically came into force which had already been concluded in July, 1927*), between 14 foreign banks of issue and the Bank of Poland, concerning stabilisation credits for this institution amounting to \$ 20 million.

They are one year credits, with interest at 6 per cent, destined for the

*) See "The Polish Economist" No. 8/1927, page 298.

discount of or advances against, bills of exchange expressed in gold or in foreign currencies. In giving advances against bills of exchange the margin between the amount of the bills and that of the advances is to be 10 per cent.

The credits are given by the issue banks of the following countries: England, Austria, Belgium, Czechoslovakia, Denmark, Finland, France, Holland, Germany, Hungary, Italy, the United States of America, Switzerland and Sweden. The technical management is carried out by the Bank of Holland.

The above credits for the Bank of Poland, even if not used up completely, are of primary importance, because they testify to the trust put in Poland by the largest of the world's banks, and because they bring the Polish currency on to the world market.

LATEST NEWS

WARSAW EXCHANGE:

	10.11.27	21.11.27
\$ 1 =	£ 8.90	£ 8.90
£ 1 =	£ 43.42 ^{5/8}	£ 43.47

BANK OF POLAND:

	10.11.27	20.11.27
Gold and silver reserve	£ 430,632.180 ⁴⁸	£ 460,465.844 ⁰⁸ *)
Foreign balances	£ 963,198.588 ⁰⁵	£ 948,000.566 ⁶⁶ *)
Bills of exchange	£ 430,377.874 ⁷⁰	£ 431,369.023 ¹⁵
Loans against securities	£ 32,369.220 ⁰⁹	£ 33,255.923 [—]

LIABILITIES:

Notes in circulation	£ 889,256.490 [—]	£ 867,469.360 [—]
Current accounts	£ 272,916.544 ⁷³	£ 308,217.787 ⁴¹
Inne natychmiast płatne obowiązanie	£ 6,224.522 ¹⁰	£ 6,161.069 ²²

BANK NOTES COVER

(bullion & foreign currencies) 111.52% 111.85%

*) The reserves of bullion and foreign currency were recalculated in accordance with the decree of the President of the Republic of Oct. 13, 1927, in the ratio: former £ 1 = new £ 1.72 (1 kg. pure gold = £ 5.924⁴⁴).

FROM THE EDITOR:

For 1928 the yearly subscription for the "The Polish Economist" has been fixed at 15 shillings, 3 dollars or (in Poland) 30 70t. Payment for the 1928 subscription at the new rate can be made at the Head Office or the London and New York branches.

ERRATA. — In the preceding number of "The Polish Economist" No. 11/1927, the following corrections should be made: p. 445, in the table of coal exports, August and September 1927 columns, exports to the following countries should read:

	August	September		August	September
Finland	41	35	Germany	1	—
France	18	20	Belgium	4	13
Norway	18	32	Russia	—	—
England	—	—	Other countries	—	1

In the enclosure appended to the same number, "Review of the Economic Situation in Poland", September export figures for iron and iron products should read:

3.1 instead of 31.3

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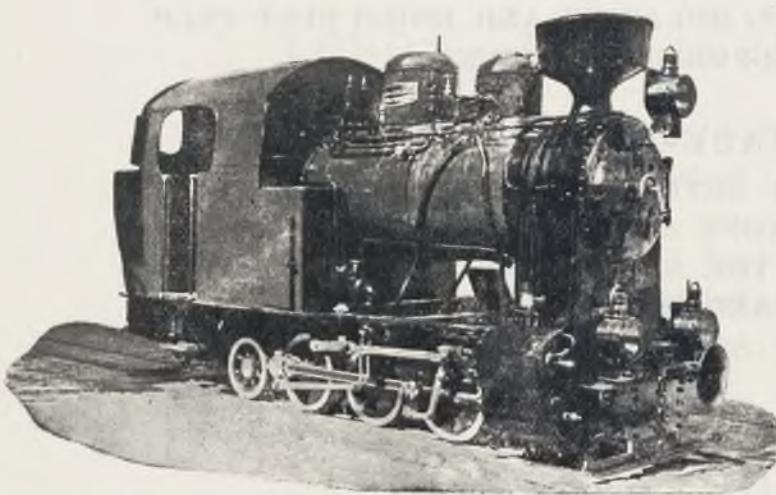
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